EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.31,049 • FINANCIAL TIMES 1990 | Tuesday January 16 1990 | D 8523A

CAMBODIA
Regime opts for a very civil war
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World News

White House missiles rift clouds arms cut proposal

A rift has surfaced within the Bush Administration over arms control proposals aimed at eliminating two US and Soviet strategic nuclear missile systems. Page 6

Hong Kong plea
UK Foreign Secretary Douglas Hurd made plain that Hong Kong's future could be assured only as the result of a good relationship between Britain and China. Page 20

Honecker accused
Disgraced former East German leader Erich Honecker and ex-security police chief Erich Mielke are facing possible treason charges.

Bulgarian offer
Bulgaria's communist leaders agreed to abandon their 45-year-old monopoly on power and offered to open a dialogue on democracy with all parties. Page 2

Bologna explosion
Forty-five people were hurt when armed robbers used explosives to blow open a Bologna post office strongroom. Most of the loot was buried under rubble.

Haughey upset
Fatal shootings of three men in West Belfast by British undercover soldiers had caused "very serious disquiet and misgivings," Mr Charles Haughey, the Irish Prime Minister, said. Page 20

Albania 'calm'
Albanian leader Ramiz Alia, in a speech quoted by the official Albanian news agency, dismissed reports of unrest and accused neighbouring Yugoslavia of trying to stir up trouble.

Missing millions
Two officials from the Romanian Finance Ministry drew a blank in their bid to track the secret hoard believed to have been hidden away in Swiss banks by Nicolae Ceausescu, the executed dictator, and his family. Page 2

Kuwait crackdown
Kuwait police set up barricades to prevent a public meeting calling for the restoration of parliament in the Gulf state. Page 4

Brazil cabinet choice
Brazil's President-elect Fernando Collor de Mello announced his first cabinet appointment, naming Mr Bernardo Cabral as Justice Minister. Page 6

Cristiani visit off
Salvadorean President Alfredo Cristiani has postponed for at least a week a trip to the United States and the UN but denied it was because of internal problems.

Governor's advice
Governor Douglas Wilder of Virginia, the first black to be elected a state governor, began his term of office with a warning to Democrats to change their message. Page 6

Italian doctors strike
Italian hospital doctors began a 48-hour strike in protest at a two-year delay over contracts on pay and conditions.

Oil tanker blazes
An oil and chemical tanker was ablaze in the Red Sea with three crew missing, after rescue ships saved 31 crewmen, Lloyds shipping said.

Costa Rica crash
An airliner with 21 people aboard crashed in a mountain range south of the Costa Rican capital and rescue teams were sent to search for survivors.

Peru mines hit
Workers at Peru's giant state-owned mining firm Centromin struck for wage increases, threatening the country's vital zinc, lead and silver industry.

Business Summary

Mystery bid values US drug company at $2.3bn

SHARES in Rorer, the US pharmaceuticals company, jumped by 25 per cent yesterday morning on Wall Street following an announcement that negotiations were at an advanced stage to sell 68 per cent of the group to a mystery buyer.

The acquisition price, including cash and stock, is about $73 per share, which would value Rorer, producer of Maalox, the world's biggest selling antacid, at more than $2.3bn. Page 21

SWEDEN yesterday proposed lifting its ban on the foreign ownership of Swedish banks, finance companies and stock brokerage firms, while also permitting foreign banks to open branch offices in Sweden. Page 21

WEST GERMANY'S eight stock exchanges have started opening for three hours each trading day instead of two as part of a campaign to counter competition from foreign bourses. Markets, Page 48

PETROBRAS, Brazil's state-owned oil company was threatened with strike action by 19 unions representing 60,000 Brazilian oil workers in support of a pay claim for 64.8 per cent increases. Page 6

GROWING interest in co-operation between companies on the two sides of the East-West German divide after political upheavals are already having their repercussions in West German banks. Page 21

AKZO, Dutch chemicals company, has turned to AMP of the US, the world's leading producer of electronic connection devices, to replace its existing partner in a 50-50 joint venture that makes printed wiring boards. Page 22

VARITY, Canadian farm equipment and industrial machinery group, better known under its former name as Massey-Ferguson, is likely to move its corporate headquarters from Toronto to the US. Page 22

SIME DARBY, the Malaysian conglomerate, is floating off a quarter of its Singapore subsidiary to raise some S$125.1m ($69.5m). Page 25

A GROUP of US lenders signalled yesterday that it would seek to wind up the brewing subsidiary of Bond Corporation if the company did not repay it $510m plus $32m in overdue interest within 21 days. Page 25

TURKEY'S total debt stock declined in the first nine months by about 4 per cent to total $36.3bn, indicating it is over the mid-1980s hump of rescheduled debt payments. Page 28

MEYER International, the UK distributor of building materials and timber, is arranging $248m in bank finance through Swiss Bank Corporation. Page 29

GREECE is offering a new one-year 12 per cent bond, index linked to the Ecu to protect investors from depreciation of the drachma. Page 35

MEXICO'S Government has introduced a new regulation to the law governing technology transfer to make its market more appealing to foreign investors. Page 6

TIN producing countries are looking to non-members Brazil and China to take the steps necessary to steady the sagging world market. Page 36

US life insurance companies wishing to do business in the UK without establishing an office will be able to so more easily in future under a little-used section of the 1986 Financial Services Act. Page 8

CARIBBEAN Economic Community (Caricom) trade among members increased 20 per cent in value last year. Page 6

MILITARY GIVEN SPECIAL POWERS TO QUELL FIGHTING BETWEEN AZERBAIJANIS AND ARMENIANS

Soviet emergency declared

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev last night declared a state of emergency in several regions of the republic of Azerbaijan, including the embattled enclave of Nagorno-Karabakh, which faced virtual civil war with the neighbouring republic of Armenia.

The announcement from the Presidium of the Supreme Soviet also said that troops of the army, navy and the KGB security police were being sent to the trans-Caucasus where it said attempts were under way to overthrow Soviet power by force.

The declaration gives the military extraordinary powers to control public order, including the imposition of curfews, and the banning of public gatherings.

It came in the face of open battles between Armenian and Azerbaijani vigilantes in the snow-covered hills bordering Nagorno-Karabakh. Soviet press reports said that unmarked helicopters and armoured vehicles captured from the Soviet military had been used by both sides.

The reports said Armenians were firing on Azerbaijani communities from helicopters and that four people had been killed in one 90-minute exchange of gunfire between two villages in Azerbaijan.

Mr Nikolai Ryzhkov, Soviet Prime Minister, said in an interview that he saw no alternative to the use of military force to prevent a civil war.

"The authorities won't allow this to become a civil war between the Azerbaijanis and the Armenians," he told Norwegian radio. "The conflict must be solved with the help of military force."

Announcement of the state of emergency, in effect martial law, in the trans-Caucasus follows the weekend massacre in Baku, the Azerbaijan capital, in which at least 34 people, mostly Armenians, were killed by Azerbaijani gangs.

Big demonstrations were reported yesterday in Yerevan, the Armenian capital, where a state of emergency has also been declared, and in many towns in Azerbaijan.

In the city of Gandzha, renamed for an Azeri national hero two weeks ago from the old name of Kirovabad, demonstrators pulled down the statue of the Communist leader Sergei Kirov and later seized stocks of weapons from an institute and the railway station.

The decision to declare the state of emergency was announced on Soviet television last night after an extraordinary meeting of the Praesidium of the Supreme Soviet, chaired by Mr Gorbachev. It said the situation would apply in Nagorno-Karabakh and "several other regions" of Azerbaijan.

The Soviet Interior Ministry in Moscow, whose troops have been vainly attempting to keep the two sides apart in the region, said yesterday that "the situation in Azerbaijan remains extremely complicated, and is out of control in a number of localities."

Reports from Azerbaijan yesterday suggested that the troops were facing huge problems in restoring order, that their movements had been restricted by road blocks and by a blockade of Baku airport by nationalist supporters.

Izvestia, the Soviet government newspaper, said 660 Armenians, mostly women and children, had been evacuated by ferry from Baku to Krasnovodsk, on the opposite shore of the Caspian Sea.

Tass news agency said:
Continued on Page 20

Azerbaijani militants from the Popular Front wave the flag of the once-independent republic in a rally in Lenkoran, Soviet Azerbaijan, yesterday after seizing most of the city's public buildings

Thousands storm East Berlin security HQ

By Leslie Colitt in East Berlin

TENS OF THOUSANDS of demonstrators stormed the former East German security police headquarters in East Berlin yesterday, angered by disclosures of vast weapons stores held by the hated state security forces.

The demonstrators smashed windows, wrecked offices, rifled through files and tore up papers.

Meanwhile, in other cities, demonstrators staged warning strikes.

East German government and opposition parties broke off round-table talks to appeal for calm and television programmes were interrupted to broadcast the Government's appeal for calm and order.

"The democracy that is just beginning to develop is in great danger," the Government said in a television broadcast.

New Forum, the main opposition movement which joined the appeal for calm, later sealed off the enormous 3,000-room Normannenstrasse complex in East Berlin to stop more demonstrators getting in.

"Everybody must get out. There has been too much chaos already. We want to ensure the disbanding of the Stasi (security police) remains peaceful," said one woman.

In Leipzig, more than 100,000 demonstrators demanded German unity and chanted slogans calling for the Communist Party to be dissolved and the Government to resign.

The crowds in East Berlin surged through the sprawling modern security building in Normannenstrasse, smashing lamps and hurling furniture out of the windows. The building was unoccupied because the security agency is being dismembered.

Nearly 100,000 East Berliners outside roared encouragement to those in the building and called for officials of Stasi to be put on trial.

The storming of Stasi headquarters came after disclosures to the round table about the activities of the security police by Mr Lothar Ahrendt, the Interior Minister.

He noted that the security agency had cost the Government OM3.4bn ($2bn at the official exchange rate) last year – nearly half the amount officially allotted to the armed forces. Agency troops were equipped with machine guns and armour-piercing weapons were found in Stasi depots.

Tensions between the Government and the opposition had eased earlier in the day.

Mr Hans Modrow, the Communist Prime Minister, reversed his previous refusal to address the round table and offered full participation in political and economic decisions to opposition representatives.

● West Germany appears to be moving towards a form of economic and monetary union with East Germany as part of Chancellor Helmut Kohl's plan to forge "confederal structures" with East Berlin.

Monetary ties, Page 2; Aid for E Europe, Page 3

Federated and Allied file for Chapter 11 protection

By Bernard Simon in Toronto

FEDERATED Department Stores and Allied Stores, whose chains include some of the best-known US department stores, yesterday filed for protection from creditors under the US Bankruptcy Code after an unsuccessful battle to alleviate a crippling debt burden.

The two groups, both wholly owned subsidiaries of the Canadian real estate developer Campeau Corporation, said they were filing for Chapter 11 protection "to preserve operational strength and assets while the corporate debt is restructured."

The US Bankruptcy Court in Cincinnati opened specially on a public holiday to enable the companies to make their filing. The two groups immediately bolstered their financial position by arranging $700m of debtor-in-possession financing for periods of between 12 and 15 months from Chemical Bank and a syndicate headed by Citibank. The companies said these facilities, which rank above other creditors' claims, plus existing balances, should provide adequate liquidity.

Federated and Allied own nine chains with 258 stores, including the 17-store Bloomingdale's chain, as well as Abraham & Straus, Jordan Marsh and Bon Marché. The Chapter 11 filings do not include Campeau's California supermarket subsidiary, Ralphs Grocery, nor most of its US real estate holdings. The two department store groups are burdened by a combined debt of $7.5bn, more than a quarter of it in the form of high-yielding junk bonds.

The borrowings stem from Campeau's $3.5bn purchase of Allied in December 1986 and the $6.6bn takeover of Federated in April 1988. Junk bond holders are likely to suffer substantial losses in whatever reorganisation emerges. Some Federated bonds are already virtually worthless.

The difficulties at Allied and Federated are a particular humiliation to French-Canadian entrepreneur Mr Robert Campeau, who made his fortune in building houses and government office buildings in Ontario, but had no experience in retailing before he bought Allied and Federated.

Mr Campeau's stake in his company has been whittled away as the two US group's problems have mounted. His
Continued on Page 20
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Pakistan launches investigation into arms deals involving ISCT

By Christina Lamb, Richard Donkin and Charles Leadbeater in London

THE Pakistani Government has launched a wide-ranging investigation into arms contracts involving ISC Technologies, the US company at the centre of the alleged £215m ($356m) fraud which has disabled Ferranti International, its British parent.

A bogus ISCT contract with Pakistan, purportedly signed in November 1986, to provide missile technology and test facilities, is at the centre of the later stages of the fraud which is alleged to have begun in December 1983.

An exhaustive trawl of Ministry of Defence records by a Pakistani government inspection committee, headed by General Nasirullah Babar, Prime Minister Benazir Bhutto's closest adviser, has discovered that an army department signed two contracts with ISCT in 1987: one for £24m was for cluster bombs and another was for £18m.

According to Mr Tariq Rahim, Minister for Parliamentary Affairs, the investigation has uncovered suspicious contracts matching the dates of the bogus ISCT contracts.

Mr Rahim said last night that the government is investigating whether any pay-offs were made to senior Pakistani military personnel.

"We know that money changed hands but so far there does not appear to be anything on the ground to show for it."

The collapse last summer of the money chain which supported the bogus contract alerted Ferranti to the fraud at ISCT, a subsidiary of International Signal and Control, acquired by Ferranti in 1987.

Ferranti is suing Mr James Guerin, ISC's founder and three other former ISC employees for $198.5m.

Lieutenant General Talat Mahsud, a senior official responsible for Pakistani Ministry of Defence's procurement visited ISC's factory in Lancaster, Pennsylvania that year.

ISC had a number of genuine long-standing deals to provide Pakistan with components for cluster bombs, which were assembled at an ordnance factory in Wah, close to Rawalpindi.

The bogus contract, code-named Khyber Pass, was disguised within real ISCT contracts in Pakistan, which Ferranti still services from Lancaster.

Ferranti officials, it also emerged yesterday, made at least two visits to Pakistan last year in an effort to verify the Khyber Pass contract.

Ferranti officials met a senior military official who assured the company the contract was real. Ferranti made clear that Lt Gen Mahsud was not involved in the bogus contracts.

The first visit last spring was arranged after management problems with the contract emerged, including late payments and non-delivery of goods. The problems were temporarily put right. Mr Guerin left Ferranti last May. In August and September expected cash payments on the contracts dried up. This led to a second visit in October.

It seems increasingly likely that the death in August 1988 of General Zia ul-Haq, then
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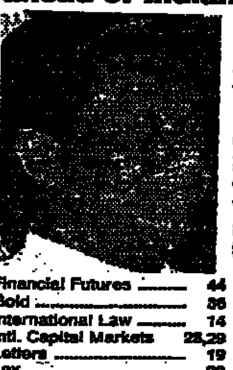
Tigers impose jungle law ahead of Indian pull-out



As the last of 80,000 Indian troops pull out of war-torn Sri Lanka, Tamil guerrillas have mounted a ruthless campaign to secure power, crushing President Premadasa's vision of peace and reconstruction.
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MARKETS

STERLING
New York close: $1.663 (1.6605)
London: $1.663 (1.6705)
DM2.82 (2.805)
FFr9.575 (9.5475)
SFr2.515 (2.495)
Y242 (242.75)
£ index 88.5 (88.3)

GOLD
New York: Comex Feb $415.1 (414.7)
London: $412.5 (417.75)

N SEA OIL (Argus)
Brent 15-day Feb $19.65 (-0.55)

Chief price changes yesterday: Page 21

DOLLAR
New York close:
DM1.698 (1.687)
FFr5.7355 (5.7145)
SFr1.5110 (1.492)
Y145.435 (145.675)
London:
DM1.696 (1.6785)
FFr5.7575 (5.715)
SFr1.512 (1.494)
Y145.5 (145.3)
$ index 67.1 (66.8)
Tokyo market closed

STOCK INDICES
FT-SE 100: 2,366.2 (−13.9)
FT Ordinary: 1,696.9 (−12.2)
FT-A All-Share: 1,184.17 (−0.6%)
New York close: DJ Ind. Av. 2,669.37 (−19.84)
S&P Comp 337.86 (−2.07)
Tokyo: market closed

LONDON MONEY
3-month interbank: closing $15\frac{1}{4}$% ($15\frac{1}{8}$)
Liffe long gilt future: Mar $89\frac{17}{32}$ ($90\frac{1}{2}$)

Bulgaria votes to end Communist Party dominance

By Our Foreign Staff

BULGARIA'S communists have joined their comrades elsewhere in eastern Europe in voting to end their party's leading role, and have proposed talks with all parties on the future of democracy in *their country.*

The move is significant because of Bulgaria's close shadowing of Soviet policy in all things. It removes the last "reform communist" state from the ranks of the political *monopolists, leaving the Soviet* party clinging to its leading role in company with the Albanians, Chinese and Cubans.

The deletion of the clauses legitimising the monopoly was passed unanimously by the Bulgarian parliament in Sofia yesterday. The assembly also adopted a proposal made by Mr Andrei Lukanov, the Communist Party's number two, to set up a group composed of communist and opposition figures to propose further constitutional changes.

These are likely to include the first paragraph of the constitution, which says that "the People's Republic of Bulgaria is a socialist state of the work*ing class people from town and* country, headed by the working class." This could be open to interpretation as retaining the predominance of the party.

In the debate, Mr Alexandert Dimitrov, a parliamentary deputy, said "there is *no such* thing as bourgeois democracy or parliamentary democracy, either there is democracy or there isn't."

The vote and debate follows a demonstration of some 50,000 *people in Sofia on Sunday*, calling for a "Government of national accord" and for the resignation of Mr Georgy Atanassov, the Prime Minister, who is seen as compromised by his association with the former party leader, Mr Todor Zhivkov, who was deposed on November 10 last year.

Mr Atanassov's is seen as vulnerable in the near future, perhaps at the party congress scheduled for January 30.

However, the demonstration outside parliament yesterday was small, despite a call for daily rallies made on Sunday by Mr Lubomir Sobajiev, an opposition leader.

Parliament is expected also to debate an agreement reached between government, opposition, Bulgarian nationalists and Moslem leaders aimed at defusing ethnic tensions between Bulgarians and the country's 1.5m strong ethnic Turkish community.

The post Zhivkov regime, headed by Mr Peter Mladenov, has restored basic civil rights to the Turks, progressively taken away by the former authorities.

Bulgarian head of state Petar Mladenov (left) and Prime Minister Georgi Atasanov

No trace of Ceausescu millions

By William Dullforce in Geneva

TWO OFFICIALS from the Romanian Finance Ministry, yesterday drew a blank in their bid to track the secret hoard believed to have been hidden away in Swiss banks by Nicolae Ceausescu, the executed dictator, and his family.

The officials visited the Federal Office for Police Matters in Berne yesterday but won no new information on where the Ceausescu funds might be in Switzerland, according to the Swiss Justice Department.

Talks focused on what steps the new regime in Bucharest needed to take to secure legal assistance from the Swiss government.

Statements by Swiss bankers and banking authorities have cast ncreasing doubt on whether the late President and his family had salted away anything like the $400m cited last month by Romanian exiles, let alone the $1.1bn quoted by Mr Silviu Brucan, a leading member of the governing Romanian Committee for National Security.

On December 22 the Federal Police Office, acting at the request of a Swiss member of *parliament and lawyer acting* on behalf of Romanian exiles, ordered two big Swiss banks to freeze any Ceausescu accounts on December 22.

Credit Suisse announced that it held no Ceausescu accounts while a statement by Union Bank of Switzerland was also interpreted as implying that it had no such deposits.

Mr Hermann Bodenmann, President of the Federal Banking Commission, said there was "not the slightest indication" of $400m being hidden in Switzerland; he did not believe that Ceausescu or his family had opened accounts "in normal banking traffic in a recognisable way."

Ex-King Michael of Romania said in May last year that he believed that Ceausescu and his family might hold between $400m and $500m in foreign accounts.

Italy's neo-fascists target disillusioned Communists

By John Wyles in Rome

AS ONE half of Europe moves with revolutionary determination towards an embrace with capitalism and the market, the neo-fascist Movimento Sociale Italiano has reinforced its reputation as Italy's slightly dotty party by lurching erratically in the opposite direction.

In the early hours of yesterday morning the heirs of Benito Mussolini crowned their four-day congress at Rimini by ejecting their youthful 36-year-old secretary of the past two years in favour of Mr Pino Rauti, who is just old enough to have paraded in military uniform in front of Il Duce.

The occasion was accompanied by some of the traditional behaviour which makes the MSI more fun to watch from a distance. Pugilism matters more than polemics for some of its members, and since the congress was bitterly divided from its first moment between Rauti supporters and those of the young Mr Giancarlo Fini, fisticuffs and brawling were a not infrequent muscular counterpoint, and counterpart, to the public debate.

No MSI leader has ever succeeded in imposing the same unity on the party as once did Il Duce, and the Rimini meeting was as neatly divided between Rauti and Fini supporters as a Milan soccer derby. Having proclaimed the virtues of an "opening to the left" and, more crucially, fixed some of the key faction leaders beforehand, Mr Rauti triumphed by 744 votes to 697.

Mr Rauti's strategy is to go fishing in the waters filled by Communist voters. He said in a recent interview that he dreamed of "an organic economy where it is not capital which determines the economic plan".

It seems odd that with the rest of Europe and Italy's own Communists moving away from centralism, Italian fascists should be embracing it.

Bonn sees monetary ties as key issue with East Berlin

By David Marsh in Bonn

WEST Germany appears to be moving towards proposing a form of economic and monetary union with East Germany as part of Chancellor Helmut Kohl's plan to forge "confederal structures" with East Berlin.

Both government officials and industry executives say that improving the status of East Germany's unconvertible East Mark, and securing a fixed exchange rate against the D-Mark, is one of the key conditions for widening economic co-operation.

However, Bonn is clearly a long way from working out details of how monetary union could be put into practice. This is partly because of the severe structural problems facing the East German economy. It also reflects the complications this would inevitably pose for the moves under way towards creating Economic Community monetary union.

West Germany is taking a cautious line on whether the democratic government to take office in East Germany after the May 6 elections there could make a formal bid for EC membership.

Mr Hans-Dietrich Genscher, the Foreign Minister, has revealed that Mr Jacques Delors, the European Commission president, has stated that East Germany is not affected by an EC embargo on accession of new members before 1993.

However, Bonn accepts that East Germany cannot be a member of the EC as long as it belongs to *the Warsaw Pact.* In view of Bonn's reluctance to countenance any changes in the present military alliance structure, Mr Genscher said at the weekend that East Germany's first step towards membership would probably be through an "association" agreement.

Mr Hans Klein, the Bonn Information Minister, yesterday said it was "premature" to indicate the content of the formal co-operation treaty Bonn and East Berlin hope to agree this spring.

Ms Christa Luft, the East German Economics Minister, who hosted a gathering of top East and West German industrialists in East Berlin at the weekend, arrives in Bonn today for two days of talks with the government and company representatives.

Her meetings are certain to *touch on the question of* East Mark convertibility as well as on the conditions for West German investment in East Germany.

Mr Klein said the weekend session in East Berlin, where Ms Luft's plans for a market economy made a good impression on her West German guests, provided a "positive signal" which would boost confidence in East Germany.

The exodus of citizens from East Germany meanwhile shows no signs of ending, with 25,540 East Germans concluding agreements to settle in West Germany so far this year, according to figures announced in Bonn yesterday.

Gysi prepared for defeat in E German polls

Leslie Colitt in East Berlin interviews the new Communist Party leader

MR Gregor Gysi, the East German Communist Party leader, yesterday dismissed claims that the party would romp to victory in the country's first free elections and warned against an atmosphere of "hysteria" being fanned over German reunification.

The party leader also said in an interview that he would be happy to lead the party in opposition. "It [the party] does not have to be in the Government. I am perfectly willing to prepare to go into opposition," he said, and was prepared to lead the party in opposition if it wanted him to.

"Perhaps, too few people [in the party] are preparing to go into opposition," he added, implicitly rejecting claims by East German officials that his Socialist Unity Party (SED) had gained strongly in the latest opinion polls.

West German *politicians* recently warned of the danger that the SED would romp over the weak and divided opposition. "I don't believe in them [the polls]," Mr Gysi said flatly.

The 41-year-old divorced East Berlin lawyer, chosen to lead the crisis-wracked SED on December 9, offered two reasons for his guarded view of the party's prospects.

Membership in the SED had plummeted to "about" 1.4m members from 1.8m at the end of last November and 2.3m early last year.

Even more important, an atmosphere of "hysteria" was being fanned by "irresponsible people" in the opposition and the West over German unification, Mr Gysi said. An illusion was being nurtured that re-unification could take place in a few months and that it would solve all of East Germany's *social problems.*

"We are in favour of the unity of Germany but the independence and sovereignty of the two German states has to be preserved," he said. German unity could only come about within the process of European union. The SED wanted to create the conditions so that East Germans could become "more European" than before.

The East German Party leader spoke from his room in the vast former Central Committee building which now housed the new Executive of the SED-PDS (Party of Democratic Socialism).

He rejected charges that the SED's strong campaign against right-wing radicalism was an attempt to gain electoral support. East Germans were less susceptible than West Germans *to wooing by the ultra*-right-wing West German Republicans, but this could change if "Germanic hysteria" was permitted.

"The trick of these people is that they offer simple solutions which sound good *but do not* work," Mr Gysi said. But he admitted that if the SED had given the impression that the party instigated the "hysteria" for its own ends then "we did something wrong".

As a lawyer, Mr Gysi defended prominent dissidents and numbered the leading opposition movement, New Forum, among his clients. Although he notes that he is not religious, his paternal grandmother was Jewish *as* was his mother's grandfather. But he said he felt a strong "emotional affinity" with all minorities and the persecuted. "My ancestors do play a role here," he acknowledged.

His father, Mr Klaus Gysi, a former Minister of Culture and State Secretary for Religious Affairs, joined the Communist Party before Hitler's takeover in 1933 and returned to Nazi Germany in 1942 after internment in France to work in the resistance.

He is certain that few of the delegates who voted for him last November were even aware he was of Jewish origin. "*But I suppose* the *nature of* my personality played a role and it is influenced by many factors, including my family background."

He lives with his youngest son, a car mechanic, in the same three-room flat in East Berlin's Lichtenberg District which they occupied before he was summoned to try to save the party from collapse.

G7 ministers to consider increase in IMF funding

By Peter Norman, Economics Correspondent

SENIOR finance ministry officials from the Group of Seven countries will meet in Paris tomorrow in a further attempt to solve the difficult question of increasing the resources of the International Monetary Fund.

The Fund's main members have come closer to agreeing an increase in the IMF's quotas or membership subscriptions from their current level of 90bn special drawing rights ($119bn) since Britain's recent offer to drop in the IMF rankings from two to four.

But a number of difficult issues remain, including the size *of the final quota increase,* access of Fund members to the increased quotas and the problem of how to deal with arrears to the Fund.

It is expected that tomorrow's meeting of the so-called G-7 deputies from the US, Japan, West Germany, France, Britain, Italy and Canada will determine whether the IMF's policy making Interim Committee will hold a special meeting in *Washington shortly.*

Until recently, it appeared likely that a session of the Interim Committee would be called for January 25 and 26 but monetary officials now expect that a meeting, if called, will be held in February.

Carlsson hopes for economic accord with EC

By Robert Taylor in Brussels

SWEDEN'S Prime Minister Mr Ingvar Carlsson said yesterday he hoped that the European Free Trade Association (Efta) and the European Community (EC) could negotiate a draft agreement on the creation of the European Economic Space between the two blocks by the end of June.

As president of Efta for the next six months Mr Carlsson is anxious to make rapid progress in negotiations to avoid a slow-down in momentum.

After discussions with EC president Mr Jacques Delors, Mr Carlsson told a press conference his ambition was "to agree with the EC in broad terms on the draft outline" of an agreement by the middle of the year.

Ideally, he would like this would be completed in time for the thirtieth anniversary conference of Efta to be held in Gothenburg in June with a final agreement ready for ratification by the end of 1990.

The Swedish Prime Minister admitted the timetable was "optimistic" but added that both sides had "to be ambitious" about this.

It seems unlikely, however, the EC shares the same degree of urgency as Mr Carlsson on producing a draft agreement on a European Economic Space by the middle of this year.

EC negotiators may not receive a mandate for formal negotiations to begin with Efta until May.

Mr Carlsson conceded that if this happens, it would be difficult to achieve a deal by June. But he added: "We want to start the final stage of the discussions with the EC as soon as possible."

The Swedish Prime Minister said he hoped there could be successful joint negotiations to achieve agreement on the key substantive issues by the end of Sweden's period in the Efta presidency on 1 July.

The proposed agreement would, he said, itemise the rules and regulations that would cover the proposed European Economic Space between the EC and Efta.

It would also spell out what the individual exceptions would be to the general framework covering the EES and the nature of the transitional arrangements. Mr Carlsson added the aim was also to agree on the form of judicial monitoring and dispute mechanism such as a court established for the EES.

He conceded the "most difficult" area for agreement is going to be the shape of the proposed "decision-shaping and decision-making process" covering the EES.

Mr Carlsson emphasised it was vital to "keep the maximum speed up" in the coming negotiations. In his talks with Mr Delors yesterday Mr Carlsson argued "It would be better" for future relations with eastern Europe to reach a final EC-Efta settlement as soon as possible.

The sense of urgency from the Swedish government in its Efta presidential period reflects an underlying anxiety that the momentum in the Efta-EC negotiations may ebb away after 1 July when Switzerland takes on the Efta presidency.

Flying Dutchman rounds up aid for East Europe

David Buchan follows Frans Andriessen on his trip to the Balkans

THERE was an awkward moment in the weekend swing around Eastern Europe by Mr Frans Andriessen, the European Commissioner responsible for external affairs.

As his small hired aircraft was still chugging across Romania, the Flying Dutchman realised that he should have been in Sofia and half-an-hour into a talk with the Bulgarian foreign minister. The hour's time difference between Prague and Sofia had slipped the minds of the overstretched Andriessen entourage.

There is a seat-of-the-pants quality to the European Commission's efforts to pull off the massive job of co-ordinating Community – and indeed all Western – aid to the countries of Eastern Europe, struggling to emerge from the chrysalis of revolution into multi-party democracies.

Brussels has none of the resources of a nation state – no aircraft, and few diplomats on East European soil.

Yet, the hard decisions about the extent to which the West should tie economic aid to political conditions will, initially at least, fall to the European Commission. It is not only the Community's trade and aid negotiator, but also the appointed co-ordinator of aid provided by a dozen other countries including the US and Japan, and a likely key player in the planned European Development Bank.

But Eastern Europe's governments, everywhere bar Poland, are provisional, and some of them very provisional indeed, as demonstrations on the streets of Sofia and Bucharest made clear to the visitors from Brussels this weekend.

Everywhere Mr Andriessen has been recently – East Berlin last month and Prague, Sofia and Bucharest in the past few days – ministers, particularly of the communist variety, have been saying, or hinting, that forthcoming elections will probably oust them from office. In fact, the Commission is not demanding that duly-elected governments first take office before it gives certain trade concessions and, above all, food aid.

Thus, it is ready to start immediate talks to revive, conclude or widen trade accords with, respectively, Romania, Bulgaria and Czechoslovakia. When Romanian ministers slapped in a big food shopping list – including 250,000 tonnes of various kinds of meat, 200m eggs, 15,000 tonnes of butter, 300,000 tonnes of cereal, and 18,000 tonnes of coffee – the only condition Mr Andriessen made was that Bucharest stop food exports while any EC aid effort lasts.

Financial aid is a more awkward matter because it was the more unstable pair of Balkan countries, Romania and Bulgaria, which asked for it, rather than more settled Czechoslovakia. Mr Andriessen sought to finesse the issue in Bucharest, where Mr Sergui Celak, the Foreign Minister, said with understatement that Romania was "none the better" for having its foreign debt largely repaid by the Ceausescu régime, and was in the market for financial assistance.

The EC commissioner said that, if a free poll – mooted for April – was really held then, as a practical matter any "substantial package" of financial aid (probably from the Group of 24 Western donors) would come after an elected government took office in Bucharest.

Elections are almost certainly a precondition for any of the "second generation" treaties of association with the EC, which Mr Andriessen felt noticeably more confident discussing in Prague than in the Balkan capitals.

Elections – sooner or later? This question dominated the Commissioner's discussions with the various political forces in Sofia and Bucharest. EC officials would clearly have given an unqualified welcome to official pledges of elections in late spring or early summer, had not leaders of the new non-communist parties, almost to a man (except for one Bulgarian communist reformer present at Mr Andriessen's late Saturday night talks with the opposition) complained that they were still denied money and access to the media.

Thus, they pleaded for elections to be delayed. EC officials said that, just as in East Berlin, they found in Sofia and Bucharest a frustrating unwillingness, particularly among young non-Communists or anti-Communists, to organise themselves into anything remotely resembling a structured political party.

Just as Eastern Europe is asking to be taken on trust politically, so Brussels looks about to ask EC member states to take it on trust financially, as it gears up to respond to the needs of the East. Only Ecus 300m (£220m) is already written into the 1990 EC budget for help to Poland and Hungary; but Bulgaria and Romania have now asked for the same treatment.

As it happens, lower agricultural spending in the past two years has created some financial "headroom" beneath the limits agreed in 1988. Thus, while leaders of the Twelve set a revenue limit for 1990 of 1.18 per cent of the Community's collective gross national product – and a spending limit of 1.15 per cent – actual spending for this year will amount to only 1.02 per cent in commitments, and a fraction below 1 per cent in terms of payments.

Mr Andriessen says he is considering asking the Twelve, perhaps as early as the special meeting of their foreign ministers in Dublin this Saturday, for "political agreement to use this margin of manoeuvre on a multi-year basis".

The Commission needs this, because existing EC rules prevent it simply earmarking unspent farm funds for other purposes. The question is whether EC states, given their benevolent eye on the East, will give the Commission the unusual financial flexibility it says it needs to carry out the task they have given it.

Frans Andriessen: an hour behind time in Bulgaria

TOP BRASS TALK IN VIENNA TODAY

East meets West for military seminar

By David White, Defence Correspondent

THE FIGHTING man's answer to an ecumenical synod begins in Vienna today as military chiefs from 35 countries of Europe and North America begin a three-week seminar on military doctrines.

The unprecedented meeting, which includes all the members of Nato and the Warsaw Pact, forms part of efforts to bolster understanding among participants in the Conference on Security and Co-operation in Europe (CSCE) process.

One observer described it as "the biggest collection of brass since 1815".

The seminar will bring the first encounter between General Colin Powell, chairman of the US Joint Chiefs of Staff, and General Mikhail Moiseyev, chief of the Soviet General Staff.

Nato representatives will be eager to glean further details of how the Soviet Union envisages implementing its new "defensive" posture.

This policy affects both the size of forces – "defence sufficiency" – and a concept of operations – "defensive strategy". Western military analysts have been looking for clearer signals about the way the policies will be interpreted.

The US Defence Department's annual Soviet Military Power review, published last September, said there was "a wide range of uncertainty as to the future composition of Soviet military forces".

General Sir Richard Vincent, Vice Chief of Britain's Defence Staff, who will be presenting the UK position, warned in a recent paper that it would be "unwise to assume that the new Soviet thinking on defensive defence could not, in different circumstances, be turned into a potent offensive capability."

Soviet military leaders have emphasised that the strategy would not be purely passive but would include counter-attack operations.

At the same time, Nato chiefs are expected to be challenged on their "Follow-on Forces Attack" concept for deep strikes against an enemy's second-echelon forces.

Although the seminar is aimed at dealing with conventional force capacities, it coincides with a series of studies under way in Nato on the role of nuclear weapons after a conventional arms reduction treaty is signed with the Warsaw Pact countries in Vienna.

Madrid slows inflation and consumer boom

MEASURES introduced in the middle of last year by the Spanish Government to squeeze credit appear to be dampening the country's consumer boom, inflation and monetary supply statistics indicated yesterday, reports Tom Burns from Madrid.

The economy ministry said annual inflation at the end of last year stood at 6.9 per cent after a 0.4 per cent rise in December. The figure compared with an annual rate in July of 7.4 per cent, which prompted the Government to impose private credit ceilings on banks.

The ministry said the figures showed the price consumer index was "slowing". Underlying inflation stood at 7.1 per cent at the end of 1989 compared with 7.3 per cent at the end of the first quarter.

Commission launches new skills programme

By Charles Batchelor

THE European Commission yesterday launched a pilot programme to help small and medium-sized companies gain access to research and development skills.

The Co-operative Research Action for Technology (CRAFT) programme will encourage smaller businesses jointly to commission research with outside bodies such as research associations, universities or large companies.

This represents a departure from existing European collaborative programmes such as Brite (industrial technologies) and ESPRIT (information technology) which help companies both large and small to get together to carry out their own research.

Smaller firms are often at a disadvantage in such collaborative programmes which tend to be more accessible to larger companies with sophisticated R and D departments.

The smaller firms are expected to manage the research project and provide resources to the researchers in the form of equipment and materials.

The Commission has provided Ecu1m ($1.2m) to fund three pilot projects but if they succeed it may finance a fully fledged project in which funding could rise to Ecu100m.

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FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.
Financial Times (Scandinavia), Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

HK brain drain threatens property wealth

By Paul Cheeseright, Property Correspondent

HONG KONG'S property and construction industry, the most important single contributor to the colony's economy, faces a catastrophic decline if chartered surveyors cling to their present emigration plans.

A study* from the department of surveying at the University of Hong Kong has found that 85 per cent of local surveyors intend to emigrate before China resumes control of Hong Kong in 1997. More than 50 per cent already have passports, or are submitting applications to obtain them.

Chartered surveyors provide the technical skills which underpin both property development and property management. The desire of Hong Kong surveyors to deploy those skills elsewhere has jumped since the Tiananmen Square crisis last June: then, 48 per cent of surveyors said they planned to emigrate.

There is already a shortage of surveyors in Hong Kong, and a mass exodus would cripple development plans, not least those for a new airport, and lead to a deterioration of buildings in both the public and private sectors.

Property and construction have contributed an average 24 per cent of Hong Kong's gross domestic product since 1980, according to the study.

By dissecting the official statistics and then pulling them together in a rearranged form, the study found that the economic contribution of property and construction "is about equal to the whole of the manufacturing sector and is also about the same as the important conglomerate wholesale, retail, import-export trades, restaurants and hotels sector".

A sharp downturn in the property and construction sector, whether caused by a shortage of professionals or by a departure of confidence, would have severe effects throughout the economy.

Property accounts for 60 per cent of all Hong Kong's capital investment, it provides jobs for one in 12 people, and it accounts for 40 per cent of both government revenue and expenditure, the study noted.

At the same time companies whose interests are confined solely to property and construction account for 30 per cent of the Hong Kong stock market capitalisation.

**Hong Kong: Property, Construction and the Economy by Anthony Walker, Chau Kwong Wing and Lawrence Lai Wai Chung; published by Royal Institution of Chartered Surveyors, 12 Great George Street, London SW1P 3AD.*

Amnesty's boat people allegations rejected

By John Elliott in Hong Kong

THE Hong Kong Government last night rejected allegations by the Amnesty International human rights group that the colony's security forces had used brutal treatment against a group of Vietnamese boat people before 51 were forcibly repatriated to Hanoi last month.

According to Amnesty, a highly trained squad of about 100 security forces entered Hong Kong's Chi Ma Wan camp early in the morning of October 31 wearing "full riot gear including shields and helmets and carrying tear gas grenades" to transfer 40 to 50 boat people to the Phoenix House detention centre.

The boat people were being separated from other Vietnamese before receiving counselling about their later mandatory repatriation.

Amnesty investigators were told that, during the transfer from Chi Ma Wan, their "throats were grabbed in a stranglehold" and their "noses and mouths were squeezed shut".

The report also spells out in detail earlier criticisms of the Hong Kong Government's screening process, which has so far found that only about 10 per cent of the colony's 56,000 boat people are genuine refugees.

Mr Geoffrey Barnes, secretary for security, said the criticisms were "unfounded". There was "no question of any undue force having been used" in the move to Phoenix House. The United Nations High Commissioner for Refugees' staff had "unlimited access" to the screening procedures.

Publication of the Amnesty report coincides with the visit to the colony by Mr Douglas Hurd, British Foreign Secretary, who is believed to have personal reservations about the forced repatriation policy but is determined that it must go ahead.

China beefs up management of investment agency

By Colina MacDougall

PEKING has strengthened the top management of the China International Trust and Investment Corporation (CITIC), its biggest state-owned investment agency, moving up two senior officials and adding two more from other key organisations.

This follows a period during which CITIC has been under a cloud, ostensibly for non-payment of tax but as much because of its freewheeling style, recently under the spotlight from Peking's hard-liners.

These changes come as *bankers in Peking say China's* central bank, the People's Bank of China, is considering another currency devaluation of about 10 per cent to boost exports and woo foreign investment. Peking last devalued the renminbi to 4.72 to the US dollar from 3.72 on December 16, but economists in Peking now say unofficially this was insufficient.

At CITIC, a huge company whose business is mainly raising funds and investing in China and around the world, Xu Zhaolong, formerly president, becomes vice-chairman, second only to Rong Yiren, the founder and a former Shanghai capitalist. Wei Mingyi, 66, takes Xu's post as president and also becomes a vice-chairman (he was earlier a director). Wei is a former Vice-Minister *of Electronics.*

Wang Jun, son of Wang Zhen, conservative crony of Deng Xiaoping, retains his post as senior vice-president and director. Wang Jun's appointment was listed by Peking's students last May as an example of nepotism.

Israeli consumer prices rose by 20.7% in 1989

By Hugh Carnegy in Jerusalem

CONSUMER prices rose by 20.7 per cent in Israel last year, the highest annual rate since 1985 when stringent austerity measures were taken to tackle inflation which had soared into three figures.

The Government's Bureau of Statistics said the prices index advanced by 1.1 per cent in December, leaving the year's total well above the 1988 rate of 16.4 per cent. Wholesale price inflation was not far behind at 19.5 per cent. The figures were embarrassingly beyond optimistic projections of single-digit inflation made early in the year by Mr Shimon Peres, the Finance Minister.

The prices increase occurred despite a year of stagnant growth, marked by a drop in *private consumption. The Gov*ernment said a 13 per cent devaluation of the shekel at the beginning of the year – followed by a further devaluation in the spring – was largely to blame for the surge. But a 35 per cent increase in housing prices and the cutting of subsidies on a number of basic goods and services associated with the Government's efforts to liberalise the economy also fuelled the index.

Most projections for 1990 envisage little improvement. *The latest forecast* by Bank Leumi expects inflation this year of 18 per cent. More subsidy cuts and a planned rise in VAT rates from 15 to 16 per cent will be among factors pushing prices up.

Another likely push will come from the wave of immigration of Soviet Jews expected to number as many as 100,000 this year. Bank Leumi says this will have a big impact on economic activity, spurring growth, particularly in the construction sector. But it added: "Housing prices will continue to rise. Government expenses will be higher while the standard of living will probably drop. Under these conditions, inflation is likely to rise."

● Mr Yitzhak Shamir, the Prime Minister, has said the big influx of immigrants from the Soviet Union reinforces the need for Israel to hold onto the occupied West Bank and Gaza Strip. In clear defiance of US appeals to Israel to abandon dreams of a Greater Israel, Mr Shamir told Likud party members that the Land of Israel – the biblical term including the occupied territories – was needed to absorb immigration.

Arabs were in a mood of defeat because they "cannot stop the great, authentic and natural return of the Jewish people to its homeland".

Papua New Guinea calls for financial assistance

By Chris Sherwell in Sydney

PAPUA NEW GUINEA is to seek about $130m (£79m) in assistance from the International Monetary Fund and the World Bank to help the economy cope with the closure of the rebel-hit Bougainville copper and gold mine.

Visiting missions from the two agencies will be asked next month to approve the assistance, which would comprise an $80m package from the IMF, including a $25m stand-by facility, and a $50m structural adjustment loan from the World Bank.

The request follows the Government's announcement last week of a 10 per cent devaluation of the kina, an 8 per cent cut in total government spending in 1990, a more restrictive credit policy and curbs on wage and salary increases.

The measures became necessary after Bougainville Copper, a subsidiary of CRA, the Australian resources group, decided last month to put the Bougainville island mine onto a care and maintenance basis with the loss of 2,000 jobs.

The mine was the country's second largest source of foreign exchange after external aid, and its royalties and taxes delivered some 17 per cent of the Government's internally generated revenues.

Its closure was agreed with the Government, which is a 20 per cent shareholder, and came as a direct result of sabotage and arson attacks by secessionist rebels over the past 15 months. The Government has since renewed the state of emergency and stepped up its military offensive on the rebels.

In announcing the adjustment package to parliament, Mr Paul Pora, Minister for Finance and Planning, pointed out that the mine's closure coincided with a period of low prices for the country's key agricultural commodities, coffee, copra and cocoa.

Gross domestic product, he said, had declined by 3 per cent in real terms in 1989, and was expected to fall by a further 4 per cent in 1990.

"With a 2 per cent annual growth in population," he added, "the decline in GDP over two years represents almost a 12 per cent fall in per capita GDP."

For the Government, he said, the crucial constraint was the level of foreign exchange reserves.

The adjustment package, plus the proposed IMF assistance of $80m, would keep the level above the Kina 300m (£188) target needed to maintain confidence. Otherwise *they were projected to drop* from Kina 340m to Kina 115m by the end of 1990.

The Government is confident the package will meet the tests of conditionality set by the IMF for its stand-by facilities and by the World Bank for a structural adjustment loan.

Mr Walter Sisulu and other recently freed African National Congress leaders arrived in Lusaka yesterday to a tumultuous welcome from hundreds of exiled supporters, Reuter reports from Lusaka.

Mr Sisulu, pictured above with his wife Albertina before leaving Johannesburg, and seven other ANC veterans embraced Mr Alfred Nzo, ANC Secretary-General, and other Lusaka-based leaders after a Zambian Airways special flight.

Mr Sisulu, 77, and his colleagues received a jubilant send-off at Johannesburg's Jan Smuts airport from a cheering and chanting crowd of supporters. "The whole world is waiting with bated breath for our discussions...about ending apartheid," he told reporters.

ANC officials said the agenda for the week-long meeting would include the release of veteran political prisoner Mr Nelson Mandela, expected within weeks, the future leadership of the movement and the programme of apartheid reform launched by President F.W. de Klerk.

After the Zambian talks, Mr Sisulu leaves for a two-week tour of European capitals, and he may also visit Mr Oliver Tambo, the ANC president, who is recovering from a stroke in a Swedish clinic.

Mandela said to favour market economy

By Patti Waldmeir in Johannesburg

MR NELSON Mandela, the jailed leader of the African National Congress (ANC), has spoken in favour of retaining South Africa's free-market economy, despite the ANC's preference for heavy state intervention.

Johannesburg newspapers yesterday quoted Mr Richard Maponya, a prominent black businessman and friend of Mr Mandela, as saying the ANC leader had told him he inclined towards free enterprise, rather than nationalisation or state control of industries.

Mr Maponya visited the ANC leader recently at his prison bungalow near Paarl. As Mr Mandela's release from prison approaches – it is now believed to be imminent – his views on South Africa's political and economic future have attracted increased interest. In the past, Mr Mandela has supported the ANC's so-called Freedom Charter, which calls for the nationalisation of mines, banks, and other key sectors of the economy. However, Mr Maponya says that the ANC leader now believes only a free-market economy can provide employment for a rapidly growing population.

Mr Mandela's views on free enterprise could well conflict with those of his colleagues in the exiled leadership of the ANC, which includes a number of members of the South African Communist Party.

● South African prisoners sentenced to death for politically related crimes have begun a hunger strike to protest against new rules restricting family visits, anti-apartheid activists said yesterday, AP reports from Johannesburg.

ECHO FROM EASTERN EUROPE WORRIES OFFICIALS

Kuwaitis step up demand for democracy

By Victor Mallet

EASTERN Europe's agitation for democracy has found an echo in the Gulf state of Kuwait, where police were setting up barbed wire barricades last night to prevent a public meeting *calling* for the restoration of parliament.

Such Monday night pro-democracy gatherings have become regular events in recent weeks, and last week police used stun grenades to break up crowds of Kuwaitis *trying to reach the home of Mr* Ahmed Shairan, a former MP.

Arab rulers, whether traditional monarchs like the Emir of Kuwait or socialist-style autocrats, have been looking at events in Europe with growing concern.

Except in Iraq, real poverty is not much of an issue for the Arab Gulf states. Thanks to oil revenues and population of only 2m, Kuwait's per capita income is exceptionally high, but Kuwaiti and Gulf intellectuals are impatient about crude censorship of the media and about corruption in their otherwise sophisticated societies.

Sheikh Jaber al-Ahmad al-Sabah, the Emir, suspended the National Assembly at the *height of the Gulf war between* Iran and Iraq in 1986, and he has rejected petitions seeking to have it reinstated.

Some Kuwaitis say the parliament simply exacerbated political and religious divisions when it was in session; members of the ruling family have said that the home-grown *diwaniya* system – whereby people hold open house on certain days of the week and listen to grievances from all comers – is a sufficient substitute for parliamentary democracy.

Other Kuwaitis are frustrated by the lack of government accountability. Kuwaiti opposition activists have used *diwaniyas* for their own meetings but insist that they cannot replace national democratic *institutions.*

In September Kuwaiti Shia Moslems, who make up around a third of the population, were incensed by Saudi Arabia's execution of 16 Kuwaiti Shias for allegedly planting bombs during the pilgrimage to Mecca. They were also angered by what they saw as their own government's failure to stand up for the rights of its citizens.

The Government's response to the growing and so far peaceful protest movement has been to reject the idea of restoring parliament, while holding out the possibility of some kind of political liberalisation accompanied by a relaxation of press censorship.

Yesterday Kuwait's official radio called for co-operation between the government and its opponents to defuse the unrest. "The democracy now required in Kuwait is that by which all parties work and co-operate to prevent possible crises, and which unites words and opinions and strengthens *national unity," it said.*

Cambodian régime opts for a very civil war

By John Pedler in Phnom Penh

AS THE diplomatic drive to resolve the civil war in Cambodia intensifies, with the UN Security Council permanent members now meeting in Paris, the atmosphere in the capital of Phnom Penh appears as relaxed as ever – in spite of increasing *anxieties* about a possible return to power of the Khmer Rouge.

The daughter of Hun Sen, the Prime Minister of Cambodia, was married at his house on Sunday and in traditional style the reception was held under colourful awnings on the public pavement outside.

The army was discreetly present but there was generally less security than in Downing Street.

A conspicuous lack of government information is adding to uncertainty in the capital about the state of the civil war in the countryside. All sources here deny claims by the Khmer Rouge that major incursions have been made into Battambang, Cambodia's second city, but admit that there have been probing attacks by opposition guerrillas close to Battambang.

The level of actual fighting reported here from throughout the country remains fairly low.

The real story is the bloodbath which is being caused by the use of Chinese anti-personnel mines. One province reports several times the number of amputations which were being carried out a year ago. The Phnom Penh Government has claimed that British special services have previously been involved in training the coalition of guerrilla groups in hit-and-run attacks and in techniques for using the mines more effectively. The Government also claims that the CIA has been involved in similar work.

One pro-British minister here, referring to increased humanitarian aid for Cambodia from Britain, said: "Of course we are grateful to the British for offering supplies of artificial legs but it would be much better if first they stopped helping to blow children's legs off."

Hun Sen was yesterday reported to be considering a peace plan to include parallel administrations pending elections, one in the territory the Government occupies and the other in north-western rural regions under the control of the resistance guerrillas. This could be a negotiating ploy, because if there were to be two régimes in Cambodia, neither would have the country's UN seat.

This would be a severe loss to the Khmer Rouge, which has acquired the ability to operate as a "government" through occupation of the seat.

The Phnom Penh Government is still failing to give detailed information to its citizens about the military state of the civil war.

Its silence may have been sensible to begin with, allowing repeated Khmer Rouge claims of military successes to focus the minds of many governments, especially the Bush Administration, on the possibility of a Khmer Rouge victory. But now the dearth of information is leading to a loss of confidence in the capital.

● Mr Roland Dumas, the French Foreign Minister, said yesterday that a peace settlement in Cambodia must avoid at all costs a return to power of the Khmer Rouge, George Graham reports from Paris.

Opening two days of talks by the United Nations Security Council, Mr Dumas said France would not be able to accommodate such an outcome.

Western powers have until now backed the three-party resistance coalition led by Prince Norodom Sihanouk, which includes the Khmer Rouge. Hostility to this tacit acceptance has been mounting, however, even though senior diplomats still believe it would be a mistake to attempt a peace settlement ignoring the real military strength of Pol Pot's organisation.

Burma's Suu Kyi wins poll ruling

A Burmese election commission has overruled objections to the candidature in the May 27 elections of Aung San Suu Kyi, the country's leading pro-democracy campaigner and general secretary of the National League for Democracy, Chit Tun reports from Rangoon.

Observers were surprised at the ruling in favour of Ms Suu Kyi, who has been under house arrest since July last year and who is resisting efforts by the authorities to encourage her to leave the country.

The main objection to Ms Suu Kyi appeared to be her marriage to a foreign national, Dr Michael Aris, a don at Oxford University. Her election rivals also argued unsuccessfully that her long residence in Britain disqualified her from contesting the election.

Tigers impose law of the jungle ahead of Indian pull-out

David Housego reports on how the main Tamil guerrilla group has mounted a ruthless campaign to secure power

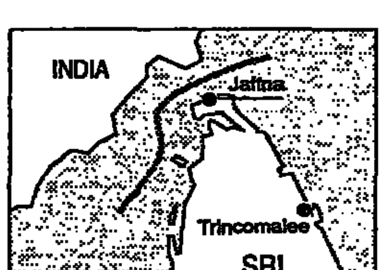
AS THE last Indian troops prepare to pull out of Sri Lanka over the coming two months, Tamil Tiger guerrillas are set to take control of the rest of the north and east of the country.

The Liberation Tigers of Tamil Eelam (LTTE), as they are called, already control all six districts from which the Indians have withdrawn. In the seaport of Trincomalee, which is with the Jaffna Peninsula the only place where Indian forces remain, the beleaguered Tamil-dominated administration is preparing to aban*don the town when the Indians* depart.

"We shall go underground," says Mr K. Padmanabha, the general secretary of the EPRLF (the Eelam People's Revolutionary Liberation Front), the main rival to the Tigers which now heads the north-east provincial council.

Trincomalee, one of the world's great natural harbours and a base for allied fleets in the Second World War, remains much as it was 40 years ago – a result of government neglect of the Tamil north, and more recently of six years of civil war.

Bearded, wearing dark green battledress with a picture of Lenin pinned to his lapel, Mr Padmanabha was speaking after the funeral of Mr George Thambiraja, one of his most senior colleagues and the founder of the Tamil National Army (TNA), the alliance of anti-Tiger guerrilla groups that India has equipped.



Mr Thambiraja was killed by the Tigers last week in an ambush that demonstrated their ruthlessness in removing the leaders of other Tamil factions opposed to them.

"It is an indication of what is to come," said another EPRLF official, watching the emotional ceremony on the shores of Dutch Bay. Indian officers bearing wreaths stood a few steps in front of an escort from the TNA – many of them boys of 14 or 15 with automatic weapons.

The killing illustrated the inability of the Indians to provide protection for the more moderate Tamil groups - though they had earlier made the security of the Tamils who co-operated with the provincial council one of the main points on which their withdrawal would depend.

The Indian peacekeeping force – 80,000-strong at its peak but now down to 20,000 – arrived more than two years ago for what they believed would be a brief operation to disarm the Tigers. They will finally leave by the end of March with seemingly none of their objectives achieved, more than 1,000 soldiers killed and with their involvement having earned them the hostility of both the Tamils and the Sinhalese population.

As a result of an understanding with President Ranasinghe Premadasa reached last year, the Tigers are now establishing themselves openly as they seek to organise an official political party. Their aim is to force the other Tamil factions to lay down their arms – a goal they are pursuing through selective killings – prior to the holding of new provincial elections in the north and east which they expect to win with a handsome majority.

According to their spokesmen, they will then put their demands to the Sri Lanka Government. Posters in Batticaloa, the other main eastern seaport town that fell to the Tigers in January, proclaim that they have not given up their ultimate objective – meaning a separate Tamil state and the partition of the island.

It is because of this belief that the Tigers will eventually go for a unilateral declaration of independence that many think that a fresh conflict with the Sri Lankan army is inevitable. "Everybody anticipates a confrontation between the army and the LTTE," said one Muslim politician.

Indian and Sinhalese hopes that the Tigers were a spent force because of the hammering they had received from the Indian troops were seen to have no substance from the skill and speed with which the Tigers captured Batticaloa – fondly believed to be a bastion of the EPRLF. The Tigers' authority in the town is now unquestioned. They collect their own taxes – which has made them unpopular – and have told the Sri Lanka police to remain in barracks, even forbidding them traffic duty. "We have asked the police not to operate," says Mr S. Karikalan, the local LTTE commander. "If there is any problem, the people can come to us."

Talks now going on between the Sri Lankan Government, the Indians, the LTTE and the other factions focus largely on who will have responsibility for the police and security issues after the Indians withdraw. The Tigers would like to have full authority over both police and internal security on the grounds that the Sinhalese assure these for their own people in the south.

The Sri Lankan Government resists such demands which would carry the island a step further towards partition. They have a responsibility as well to the Sinhalese from the eastern province – many of them now refugees – who account for a third of its population and look to the Sri Lankan army to return their lands and homes when the Indians depart.

The second main issue in the talks is the nature of the administration that will follow an Indian withdrawal. The more optimistic of the Tamils think that there could be power sharing between the Tigers and the other factions on the grounds that this is the only way to prevent further blood-letting and to achieve maximum autonomy. But Mr Padmanabha, general secretary of the EPRLF, believes the Tigers are too intolerant to accept a compromise. "They want to be the sole representative of the Tamil people," he says. He is thus preparing to return to the jungles from which the Tigers are emerging with as many of his own faction and of other militant groups that he can muster – perhaps 1,000-2,000.

He believes that the likely confrontation between the Tigers and the Sri Lankan Government as each tries to dominate the other, and the problems the Tigers will have in running the administration will work to his advantage. Without saying as much, he clearly counts on continuing military help from an India reluctant to see either the Tigers or the Sri Lankan army establish a dominant hold.

The chances thus that the Indian withdrawal and the reconciliation between the Tigers and President Premadasa could usher in a period of peace and reconstruction in the north still seem remote. A people weary of conflict face the prospect that it will continue.

Canada signals lower interest rates

By Bernard Simon in Toronto

THE Bank of Canada yesterday signalled a fundamental shift in its monetary policy by engineering an abrupt drop in short-term interest rates.

After three years of rising rates, the central bank sent a clear indication that it wants rates to drop, by selling three-month treasury bills in the money market at a yield of 11.95 per cent, 15 basis points below last Friday's rate. The rate was set at 12.18 per cent at last Thursday's weekly auction.

A senior money market trader at Canadian Imperial Bank of Commerce described the action as "a definitive statement that they're looking for lower rates". But the bank indicated that it does not favour a further fall just yet.

The sudden drop is seen as a move to nudge banks to lower their prime lending rate, which has stood at 13.5 per cent since March 1989. The prime rate stood at 7.5 per cent in January 1987. With the economy now cooling and US interest rates coming down, political pressure has grown to bring down domestic lending rates.

The Bank of Canada was among the first central banks to lift interest rates in response to concern that the long economic upswing was fuelling inflationary pressures.

As the Bank pursued its unusually independent monetary policy, the gap between domestic and US interest rates widened from a traditional 150-200 basis points to 440 points. A slight drop in US rates late last week left the gap at about 415 points yesterday.

The Canadian economy has recently shown clear signs of slowing. December's unemployment rate of 7.8 per cent was the highest since May 1989 and the number of jobs created last year was only about one-third of employment growth in 1987 and 1988.

Inflation, however, still remains above 5 per cent at an annual rate, compared to just over 4 per cent in the mid-1980s. While they expect some slowing over the next few months, economists remain concerned that wage settlements are still at rates above the cost of living and by the impact of a 7 per cent goods and services tax, due to be introduced next January.

Wilder tells Democrats to change message

By Lionel Barber in Washington

GOVERNOR Douglas Wilder of Virginia, the first black to be elected a state governor, began his first day in office yesterday with a warning to the Democratic party to change its message if it wants to repeat similar mould-breaking victories.

Governor Wilder, the grandson of slaves, said his success as a Democratic candidate rested on an election platform which stressed low taxes, a strong military with "adequate" defence, and continuing economic development.

In a TV interview on the national holiday honouring Martin Luther King, the slain civil rights leader, Governor Wilder played down race as the dominant influence in American politics. The US, he agreed, was becoming more "colour-blind."

Governor Wilder's razor-thin victory in the Virginia gubernatorial race last November has nevertheless been a source of great pride in the black community in the US. On Saturday, in Richmond, Virginia, the capital of the Old Confederacy, some 35,000 attended his inaugural address in which he declared: "We mark today the triumph of an idea, the idea that all men are created equally."

Before the inaugural, the Rev Jesse Jackson, the black civil rights leader, and Mr Arthur Ashe, the former black Wimbledon tennis champion, joined Mr Wilder in a prayer service. Muhammed Ali, former heavyweight champion of the world, was among the crowd who paid up to $7,500 for box seats at the inaugural ball.

Governor Wilder, who will be 59 tomorrow, faces tough budgetary problems in Virginia which has suffered a recent economic slowdown, partly due cutbacks in national defence spending. The budget shortfall could amount to as much as $900m over the next two years, but the governor is expected to propose spending cuts rather than new taxes.

● Worshippers at Martin Luther King Jr.'s church were yesterday urged on the slain civil rights leader's birthday to keep alive his memory and his philosophy of non-violence, AP reports from Atlanta.

White House split on missiles clouds arms control proposal

By Lionel Barber in Washington

A RIFT has surfaced within the Bush Administration over arms control proposals aimed at eliminating two US and Soviet strategic nuclear missile systems.

General Brent Scowcroft, National Security Adviser, favours the proposal which would ban mobile, land-based missiles carrying multiple warheads, but he is opposed by Mr Richard Cheney, US Defence Secretary, according to reports in Washington.

The divisions over nuclear negotiating tactics suggest that President George Bush's goal of reaching a Start agreement with the Soviet Union by June, cutting each superpower's strategic missile arsenal by 50 per cent, may be optimistic. At the least, it could leave the treaty vulnerable to criticism in the US Senate which must ratify the final pact.

The Scowcroft proposal would bar future deployment of 50 US MX missiles, carrying 10 warheads apiece aboard rail cars to avoid a pre-emptive Soviet strike. In exchange, the Soviet Union would eliminate around 20 SS-24 missiles now deployed on rail cars and pledge not to deploy future multi-warhead weapons.

Gen Scowcroft informed President Bush that he would like to present this proposal to the Soviet Union early next month when Mr James Baker, US Secretary of State, visits Moscow, the Washington Post reported yesterday. This would allow discussion before the summit between President Bush and President Mikhail Gorbachev in late June.

But at a recent White House meeting, Gen Scowcroft was opposed by Mr Cheney who argued for retaining the MX on the grounds that it is more powerful and reliable than the alternative US weapon, the single-warhead Midgetman. Other officials, including Mr Baker, failed to come to Gen Scowcroft's defence, the Post said.

The MX and Midgetman dispute reflects long-standing divisions within the Administration and Congress over the most suitable replacement for the ageing US land-based nuclear missile deterrent. Mr Bush has ducked the dispute by requesting that Congress fund both missile systems, but this position is fast becoming untenable.

Influenced by the break-up of the Soviet empire in Eastern Europe, the Democratic majority in the House of Representatives is increasingly reluctant to fund an open-ended defence budget. "There is a real chance that both missile systems could be sacrificed to the current political climate," said Mr Michael Krepon, an analyst at the Washington-based Henry L Stimson Centre.

However, if Congress were to stop funding both the MX and Midgetman, it would perversely make it much more difficult for the Senate to ratify a Start agreement. Gen Scowcroft, sensing this threat, is partly pressing for a ban on mobile missiles to preserve the Midgetman, Mr Krepon said.

Senator Sam Nunn, the most influential Democrat on defence on Capitol Hill, has made it clear that banning mobile nuclear missiles is the "glue" for sticking together Congressional support for modernisation of the US nuclear deterrent.

Union Carbide refuses to reopen Bhopal case

by Alan Friedman

UNION CARBIDE, the US chemicals group that last year paid $470m in damages to victims of the devastating 1984 gas leak at its Bhopal plant in India, yesterday refused to accept that the Indian Government has the right to reopen the case.

The Union Carbide reaction comes in the wake of a decision by the Indian Government to reopen the Bhopal case. Mr Dinesh Goswami, India's justice minister, last week described the settlement as "totally inadequate" since Bhopal was the world's worst ever industrial disaster.

At least 3,598 people were killed and another 20,000 injured when toxic gas leaked from a Union Carbide plant at Bhopal in December 1984.

Mr Joseph Geoghan, the general counsel of Union Carbide, yesterday insisted he was confident that the $470m settlement will stand.

"There is simply no basis for overturning it," Mr Geoghan argued, claiming that the damages paid had been "extremely fair" and that the deal worked out by the previous government of Rajiv Ghandi was binding.

The gulf of opinion between the new government in New Delhi and at Union Carbide headquarters in Danbury, Connecticut was clear yesterday from Mr Geoghan's claim that the new Indian government "may not disavow the settlement because it disagrees with it".

Unions threaten Petrobras with strike over 64.8% pay claim

By John Barham in Sao Paulo

WORKERS at Petrobras, the Brazilian national oil company, voted to strike yesterday to back demands for a 65 per cent pay increase.

Union sources said Petrobras refused to increase its offer of 21.5 per cent, making a strike virtually certain. A Petrobras official said last night: "The forecast is for a strike to begin on Tuesday, but negotiations between management and unions are still continuing."

The company's 60,000 workers voted to halt operations at the company's 11 oil refineries. Petrobras, which is majority-owned by the federal government, refines 95 per cent of Brazil's oil. The unions thus have a stranglehold over Brazil's fuel supplies.

The country is already suffering a critical shortage of the sugarcane-based fuel alcohol whcih powers over one-quarter of its passenger cars. Mr Carlos Sant'Ana, Petrobras president, warned that stocks of cooking gas will be exhausted within five days. The company has 15-20 days of petrol stockpiled, but supplies of fuel alcohol are virtually non-existent.

Petrobras is in dire financial straits because the government has held its prices down to help tame the 50 per cent a month inflation rate.

Petrobras says low retail prices have forced it to run up a $1.1bn deficit this year. The unions say most of their wage claim is to make up for losses caused by anti-inflation policies decreed in 1987 and 1988.

● A federal court approved yesterday the addition of imported methanol to petrol and fuel supplies. Brazil hopes to import 1.5bn litres of methanol to avert fuel rationing. A Rio de Janeiro court had banned imports until an environmental study showed it can be safely added to fuel stocks.

Brazil announces Congressman as first new cabinet minister

By John Barham in São Paulo

BRAZILIAN President-elect Fernando Collor de Mello announced his first cabinet appointment on Sunday, naming Mr Bernardo Cabral Justice Minister.

He said one of Mr Cabral's key tasks would be to win congressional support for the new Government which is to take office on March 15.

Mr Cabral is a prominent congressman and respected jurist. He played a central role in drafting the country's new constitution, which created a strong legislature and diminished the president's powers.

Mr Collor will thus need firm congressional backing to carry out his economic reforms.

Although Mr Collor won the December 17 presidential election with 53 per cent of the votes, his National Reconstruction Party (PRN) holds only two dozen seats in Congress. However, political analysts say Mr Collor should have little trouble winning support among the legislature's conservative majority.

The new President has yet to name his Finance Minister, the most eagerly awaited appointment. The Brazilian press speculates that Ms Zelia Maria Cardoso de Mello, his chief economic adviser, will win the job.

Mr Cabral will have to maintain the support of the conservative majority in Congress for Mr Collor's economic policies in an election year. Congressional and gubernatorial elections are due on November 15 and politicians may be reluctant to underwrite unpopular measures to raise taxes, privatise state companies and control government spending.

Backing for payroll tax plan

By Peter Riddell, US Editor, in Washington

A PROPOSAL to reverse the recent increase in US social security payroll taxes is attracting increasing political attention despite opposition by the Bush Administration.

The plan, produced after Christmas by Senator Daniel Patrick Moynihan, the Democratic chairman of the Senate Finance sub-committee on social security, has received favourable press attention as a step towards honesty in the US fiscal system. But congressional leaders have been wary of backing his proposal.

Mr Moynihan has called for the cancellation of the 0.14 percentage point increase in the payroll tax which took effect on January 1, to be followed by a reduction of a further 0.96 points for employers and employees in 1991.

This would cut the tax, which provides for retirement pensions and Medicare health programmes, to 6.55 per cent, saving taxpayers $62bn over the two years.

The aim, the senator says, is to put the social security system back on a pay-as-you-go basis rather than as now, where the social security surplus from an excess of revenue over immediate outgoings offsets part of the deficit on other federal government operations.

In the current fiscal year the social security surplus is estimated at about $65bn to $70bn, which should reduce the overall federal deficit to between $105bn and $125bn.

Senator Moynihan argues that "the Administration is content to see the budget deficit gradually eliminated by the growing social security tax revenue. This perverts the original purpose for the surpluses – to provide for the retirement of the baby boom generation in the next century."

Without the rising social security surpluses the Administration would have to make larger spending cuts or generate new revenue through higher taxes to meet the Gramm-Rudman statutory targets for reducing the deficit.

Mr Moynihan seeks to force the Administration and Congress to face up to these choices and, if necessary, replace the regressive payroll tax (paid at the same rate only on the first $51,300 of income earned) by a more equitable tax to meet the deficit targets.

Consequently, while the cut in payroll tax could gather support in Congress, some Democratic leaders are cautious about the implications for raising other taxes or altering the deficit target.

The Administration has opposed Mr Moynihan's plan as a Democratic ploy to "fiddle around" with the system. Instead, it will propose in the budget on January 29 changes in the accounting system to take effect in stages from fiscal 1993, when the federal budget is due to be in balance. Any social security surplus would be isolated from official calculations of the deficit from 1993 onwards and be paid into a special account to retire the public debt.

Mexico brings in new technology transfer rule

By Candace Siegle in Mexico City

MEXICO's Government has introduced a new regulation to the law governing technology transfer to make its market more appealing to foreign investors. It is seen as a major step to helping take Mexico into the technological age.

The new rule streamlines red tape necessary to export technology to Mexico as well as offering more favourable terms for sale. But some experts feel there is still not enough protection of patents and intellectual property rights within Mexico.

"It's a step in the right direction," says Mr Edwin Einstein, a San Antonio, Texas-based lawyer representing several US companies on technology and investment issues in Mexico. "But until intellectual property rights are better protected, they'll be shooting themselves in the foot". This is because international companies will not find sufficient local protection for their rights.

The decree, introduced this year, does not deal directly with intellectual property. It abolishes the 10-year limit on confidentiality and contracts in technology transfer and removes the government as a third party in transactions. But it does not specifically offer more safeguards for trade secrets or intellectual property for people wishing to bring new technology into the country or developing it locally.

Mr Einstein sees the new move as the next development in a three-part plan to modernise Mexico's economy. The first step was last year's liberalisation of the foreign investment law. Simplifying the transfer of technology is step two and full protection of intellectual property will have to follow. This last step will be the most difficult because it will require changing a law – something which only can be done by an Act of congress.

Left-wing parties and the left wing of the governing Institutional Revolutionary Party have been less than pleased with increased outside participation in the Mexican economy and would probably challenge any such move.

A significant overhaul of the law is already in progress, and could be announced within the next few weeks. With only two of these three steps achieved, many members of the foreign business community welcome the trend and are enthusiastic about progress so far.

Mr Christian Roehr, director general of the West German Chamber of Commerce in Mexico City, calls the decree another indication of the complete change in policy being pursued by President Carlos Salinas de Gortari.

Under the old law, he says, the government decided whether the technology would be valuable to Mexico, if the terms of the deal were acceptable, and how much in royalties would be paid. Now the agreements take place between businesses with no government interference. Mr Roehr says the West German businesses will find this highly attractive.

"We've been pressing for this for years," said one British pharmaceutical executive. "I see nothing wrong with this law at all." He sees it as drawing closer to the full patent protection which he says the Mexican government has indicated it wants. "When that happens, it will mean even more technology for Mexico."

Some Mexicans are less certain of the regulation's positive effects. One official admitted that Mexico had not always encouraged technological innovation.

The trend began during the presidency of Mr Luis Echeverria Alvarez (1970-76), who restricted foreign business, especially technology transfer, in order to encourage Mexico to develop its own research.

Unfortunately, the red tape, unsatisfactory protection and unfavourable financial terms were as discouraging to Mexicans as to foreigners. Today, Mexico spends only 1-2 per cent of its GNP on research and development. The government foots 80 per cent of that bill through para-state industries and universities.

One top official said the decree encouraged Mexican research and development by offering more favourable terms. He denied that the new rules were biased in favour of foreign companies, adding that the changes benefit Mexicans as well.

BP launches east bloc commercial initiative

By David Thomas,

Resources Editor

BRITISH Petroleum is launching its first commercial initiative in the eastern bloc since the political upheaval there, by building a service station in Dresden, East Germany.

The UK-based oil multinational is also planning to open an office in Moscow this year in a further sign of its determination to develop commercial initiatives in eastern Europe.

BP has agreed with VEB Minol, East Germany's state-owned oil company, and the City of Dresden to spend DM3m ($1.7m) building a large service station in Dresden.

The service station, due to open later this year, is understood to be the first such facility in East Germany which will operate under the colours of a western oil company.

Under the terms of the agreement, BP will also share commercial and technical expertise with the East Germans. Its Dresden service station may sell unleaded petrol imported into East Germany.

BP said yesterday that it was too early to know whether the Dresden initiative would lead to it opening other service stations in East Germany.

But the establishment of a Moscow office – which will represent the full range of BP activities including chemicals and oil products – demonstrates the company's determination to explore commercial openings as the eastern bloc continues to liberalise.

Venezuela eases investment rules

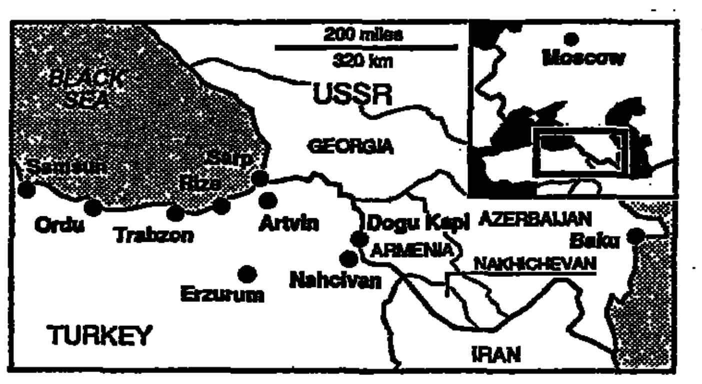
VENEZUELA'S economic cabinet has agreed to ease foreign investment regulations, Reuter reports from Caracas. Foreign investors will no longer have to request authorisation to repatriate dividends and reinvest profits in the country, the state news agency quoted Mr Moises Naim, the Development Minister, as saying.

Foreign investors will be allowed to invest in some public services - activities previously available only to domestic investors, Mr Naim added.

Turco-Soviet trade inches forward

Three protocols provide a promising start, **Jim Bodgener** writes

ANATOLIA in history has always been a trade bridge between Europe and the vast expanses of central Asia. But the twentieth-century march of communism and especially the Cold War brought the Iron Curtain down on the ancient Silk Road; and only now with perestroika and glasnost in the Soviet Union is the way inching open again.



This winter, three border and coastal trade protocols with neighbouring Soviet republics, granted a far wider measure of autonomy by perestroika, have encouraged hopes of freer trade across Turkey's eastern land and Black Sea borders. It is only a beginning, but a promising one.

On the macro-level, Turkish trade relations with the Soviet Union have already expanded significantly since the mid-1980s on the back of an import deal for Soviet natural gas.

Total bilateral trade is expected to increase in the early 1990s to around $4bn from about $1bn in 1989, according to the terms of an agreement signed recently in Ankara.

The scope and type of trade is agreed annually by a joint-economic committee – it already includes Turkish construction services, for example, while Turkey this year has offered a total $650m in export credits for Soviet purchases.

The agreement also called for the opening for trade of a border gate with the segment of Azerbaijan contiguous for around 8km with Turkey at Nahcivan (as it is known in Turkey) or Ahuryan (as the Soviet Union calls it).

This would be the second to be opened since the mid-1980s; the first was at Sarp on the Black Sea coast in August 1988.

The Azerbaijan agreement includes cultural exchange for the first time at such a level.

Coincidentally or not, the Nahcivan bordergate was also invaded in mid-January by crowds of Azeris calling for freer contact with Moslems in Turkey, just at the time Mr Ayaz Niyazioglu Mutallibov, the Azerbaijani premier, was visiting Ankara to sign the protocols.

Both the Soviet Union and Turkey have skirted nervously round the issue of the former's Turkic populations, particularly in Azerbaijan.

A fundamental tenet of Turco-Soviet relations is non-interference in each other's internal affairs.

Significantly, a similar protocol has yet to emerge for Soviet Armenia, although there is talk of opening up the bordergate of Dogu-kapi next, where two trains go through a week, but not for border trade purposes.

The border and coastal protocols empower certain provinces in Turkey to do business with the Soviet republics. Thus, for Azerbaijan, the north-eastern provinces of Sarp, Artvin, Erzerum and Rize can trade through Sarp.

Another agreement provides for offshore shipping across the Black Sea with the Ukraine, and yet another covers coastal tramp-ships plying along the Black Sea littoral to Azerbaijani harbours.

Additional Turkish provinces with important Black Sea ports as capitals, Trabzon (the Trebizond of yore) and Samsun, can also engage in the Black Sea trade. The smaller ports of Ordu and Giresun may also be included.

It is to be hoped that these agreements will ginger up traffic through Sarp, which at present hardly justifies its status as a new Turkish customs post.

In the last quarter of 1989, only 89 trucks passed through from the Soviet side, while 100 went over from Turkey.

In December, the comparative figures were five and 34, even though theoretically, transport of goods should be shared equally between Soviet and Turkish lorries.

Previously, Turkish exporters had been deterred by the potholed state of Soviet roads, preferring ships or aircraft instead.

The border trading will be mainly by exchange by value, rather than barter – although businessmen themselves have every option to deal in Turkish lira, roubles or hard currency.

From Turkey, the Soviet republics are looking for foodstuffs, ready-made clothes, shoes and other light industrial products.

In return, Turkey will buy – from Azerbaijan – petroleum products, petrochemicals, coal, and vegetables and fruits, the latter more cheaply than supplies across Turkey from Aegean market-gardens.

The pattern is similar with the two other Soviet republics.

Turkish officials say it is difficult to predict how much business will be conducted, though it will hardly match the macro-level.

But neither will it be negligible, judging by the $230m of cross-frontier trade alone carried on by Finland with the Soviet Union in 1988.

Other successful models for Turkey can be found in Sino-Soviet and Japanese-Soviet provincial interaction; and in the best tradition of business philanthropy, earnings may not be as important historically as the political and cultural barriers undermined by trade.

Ankara lines up Spain for aircraft contract

By Jim Bodgener in Ankara

TURKEY yesterday awarded a preliminary contract pending negotiations including financing to Casa of Spain, for a $600m project to manufacture locally 52 of its C-9235 light transport aircraft.

The scheme forms an integral part of Turkey's ambitious plans to found an indigenous defence manufacturing industry.

The Spanish company beat Italy's Aeritalia largely because its price was cheaper. Aeritalia had offered its G-222 aircraft, which carries the same number of passengers, but in addition can carry heavier amounts of cargo.

The attractive terms of a loan offered by the Spanish government of 3 per cent for 20 years with 10 years' grace also decided the Under-Secretariat for Defence Industries (SSM), previously called the Defence Industries Support and Development Administration.

The aircraft will largely be produced over 7-8 years for the Turkish military, but the plant CASA establishes may also take civilian orders.

Turkey's present aviation policy calls for the restructuring of internal air routes to comprise feeder air-taxis to the main airports served by the state-owned Turk Hava Yollari (THY – Turkish Airways), which now will concentrate on international scheduled and charter flights.

Sub-contracts for manufacturing engines and parts will be awarded to Turkish Engine Industries at Eskisehir, which already makes propulsion units for F-16 fighters made in Turkey, and the Turkish air force's own factories in Kayseri, at present engaged in maintenance operations.

The award follows from the final £96m contract tied up with Marconi Communications Systems last week for the local manufacture of battlefield wireless systems. Yet another major award is expected next Monday, when the Turkish government may decide on the award of a contract valued at around $200m for mobile radars, for which the three competitors are General Electric and Aydin of the US and France's Thomson-CSF.

Norwegians to help Moscow develop explosives industry

DYNO, Norway's second biggest chemicals group, has signed an accord with the Soviet Government to help develop the country's explosives industry, Peter Marsh, recently in Oslo, writes. The company is building an explosives plant in Nerungy, Siberia, which should be complete later this year. Dyno will have a 51 per cent stake in the plant, with Moscow holding the rest.

Mr Arild Ingierd, president of Dyno's explosives division, said he hoped the company would become involved in building more plants. Dyno is one of the top two companies in commercial explosives worldwide, the other being ICI. Annual sales in this industry in the western world are estimated at about £2bn.

Mr Ingierd said the plants Dyno aimed to help build in the Soviet Union would mainly be in coal-mining areas. The products Dyno would be helping make could not be used for military purposes. Dyno was until just before Christmas 51 per cent owned by Norsk Hydro, Norway's biggest chemicals producer. Norsk's stake is now 41 per cent.

Caricom internal trade up 20% in value last year

TRADE among members of the Caribbean Economic Community (Caricom) increased 20 per cent in value last year, according to preliminary figures from Mr Roderick Rainford, the Community's secretary-general, Canute James writes from Kingston.

The increase, which puts the value of last year's intra-community trade at $436m, follows expansion of 14.6 per cent in 1988 and 8 per cent in 1987. Before this the value of trade fell for five consecutive years, with a 32 per cent decline in 1986.

Mr Rainford said the expansion in the value of trade last year reflected the efforts of Caricom members to deregulate commercial relations and encourage regional industry to produce for the community market.

Expansion of intra-regional trade is likely to continue, with an agreement last July by the Caricom members to create a common market by 1992.

Last October, the Caricom states began a progressive dismantling of qualitative and quantitative restrictions on trade among members.

Sterling strengthened by 2.2% rise in retail sales

By Simon Holberton and Maggie Urry

INDICATIONS OF a surge in consumer spending last month left government bonds lower yesterday, while the pound finished higher.

Many City of London economists appeared convinced that Mr John Major, the Chancellor, will not be able to lower interest rates until the summer.

The Central Statistical Office said the volume of retail sales rose 2.2 per cent in December – compared with expectations in UK financial markets of a 0.5 per cent gain – the strongest monthly rise since June.

The rise in sales underlined to many the resilience of the British consumer in the face of 15 per cent bank base rates. Economists said that at the current point in the economic cycle much weaker sales growth should be in evidence.

They were concerned that other indicators of consumer spending, notably notes and coins in circulation, suggest that buoyant demand has continued into the first weeks of January. For 1989 as a whole, retail sales volume was up 2.3 per cent, compared with a growth of nearly 7 per cent for sales in 1988.

The Treasury stressed the erratic and provisional nature of the figures. It noted that sales in the last three months of 1989 were just 1.3 per cent higher than the same period of 1988. It thought some expenditure had been brought forward to December from January because of early sales.

Short-term interest rates rose on the news, to just over 15 per cent for the key three-month maturity. Long-dated Government stocks, gilts, fell more than a point to end the day, in yield terms, above 10.56 per cent.

Sterling was strong against the background of higher money market interest rates and a generally positive short-term view toward the pound. It ended 0.2 higher at 88.5 on the Bank of England's trade-weighted sterling index.

Retailers said the stronger than expected retail sales figures for December related to a late Christmas rush and to moves by retailers to cut prices before Christmas. The Retail Consortium said the month started slowly but picked up to a strong finish.

The CSO's index of retail sales (1985=100) was a provisional 123.9 in December compared with 121.3 in November.

Money Markets, Page 44; London Stocks, Page 37

Ambulance workers set for all-out strikes

By Fiona Thompson, Labour Staff

AMBULANCE workers in north-west London were yesterday being balloted on holding an unofficial all-out strike and look set to vote in favour. The move presents union leaders with the most serious threat to their authority they have faced throughout the 18 week pay dispute.

The ballot follows a refusal by the national union leaders to hold an official countrywide strike ballot, and places Mr Roger Poole, chief trade union negotiator, in an uncomfortable position. Throughout the bitter dispute he has pledged that ambulance workers would do nothing to effect 999 emergency cover.

That pledge began to look increasingly hollow last week when crews at two West Sussex stations came out on unofficial strike.

But that action involves fewer than 50 people whereas 380 ambulance workers are voting at the 15 north-west London stations. The crews were asked to indicate whether or not they supported an all-out strike, and the result is expected to be announced tonight.

Mr Poole said last night: "The ambulance trade unions have not approved any strike ballots during the dispute and we strongly urge members to maintain the accident and emergency service they are providing to the public."

Mr Eric Roberts, secretary of the north-west London ambulance branch of Nupe, the main ambulance union, said yesterday the staff were frustrated and angry at the way the dispute was going.

Shop stewards representing 500 ambulance staff in north-east London meet this morning and it is understood the question of a strike ballot will be discussed.

The Association of London Authorities said yesterday the cost to the Metropolitan Police of covering for suspended ambulance workers in the capital had reached £6m.

The country's 22,500 ambulance staff have rejected an 18 month pay offer worth 9 per cent.

Kumagai Gumi to take over Ranelagh

By Paul Cheeseright, Property Correspondent

KUMAGAI GUMI UK, the British subsidiary of one of Japan's largest property and construction groups, is taking over Ranelagh Developments, a privately owned property company.

The move marks both a further expansion of Kumagai Gumi's activities in the UK – it is already the most active Japanese developer – and an extension of Japanese investment in the UK property sector. Hitherto Japanese companies have been prepared to act individually or in joint ventures with British companies but generally have not made corporate takeovers.

Japanese investors have been at the front of a surge of foreign investment in the UK property sector.

Mr Gerald Powell, the managing director of Ranelagh, who will join the Kumagai Gumi UK board, yesterday said that the two companies had agreed not to disclose the terms of the takeover.

Ranelagh was formed in November 1986 by Mr Powell and two other executives of Haslemere Estates, following the latter's takeover by Rodamco, the Dutch group. Since then Ranelagh has concentrated on developments in central London and in south-eastern towns like Watford.

Kumagai Gumi started its UK operations in 1985 and has acquired interests in sufficient sites to have a development programme which, when completed, would be worth about £1bn. Ranelagh is its second takeover. Earlier it bought Arnold Project Services, the private project management company.

Mr Powell described the takeover as "a natural marriage", noting that Ranelagh and Kumagai Gumi have been in contact with each other for three years. They have co-operated on property developments in the Mayfair district of central London and in Watford; recently the two were associated in the £145m purchase of the City of London headquarters of Standard Chartered, the international banking group.

But there is also a defensive quality about the takeover from the Ranelagh point of view. The commercial property market has been turning down and Mr Powell said: "A time of great consolidation is coming up. It's very nice to be connected with a source of strength committed to long term growth in the UK."

Kumagai Gumi and Ranelagh are exchanging board members, but Ranelagh will keep its own identity as a profit centre within the Kumagai Gumi group.

NatWest restructures its board

By David Lascelles, Banking Editor

LORD ALEXANDER, the new chairman of National Westminster Bank, made his first big move yesterday with a shake-up of the group's board.

His changes will reduce the number of directors to 19 from the total of 31 last year.

The reduction will result partly from the retirement next April of three members – Lord Boyne, Sir Anthony Touche and Sir Leslie Young – and partly by the transfer of four members to a newly constituted UK advisory board.

In addition, Sir Philip Wilkinson, the bank's former chief executive and now deputy chairman, will retire next June. He will be replaced by Mr Christopher Tugendhat, who has been a director since 1985 and is also chairman of the Civil Aviation Authority.

There have been further reductions in recent months through retirement and the resignation of three directors linked with the Blue Arrow share-rigging scandal which tainted County NatWest Bank, NatWest's investment banking arm. From next April, the board will consist of 12 non-executive and seven executive directors.

The UK advisory board will consist of Lord Alexander, Mr Tom Frost, group chief executive, and 11 others connected with NatWest's retail and regional banking operations. The board's role will be to help shape NatWest's UK strategy.

Lord Alexander, who took up his appointment several months early last October to steer NatWest through the Blue Arrow crisis, said: "A board with fewer members will be able to address issues in depth so as to determine our corporate objectives and policy. In this way the experience and expertise of directors can be used to the maximum benefit of the group."

Although the large size of NatWest's board was not specifically criticised by the official inquiry into the Blue Arrow affair, it was frequently described in the bank as too cumbersome. At the time of his appointment, Lord Alexander gave notice that it would be one of the issues that would need to be addressed.

Major urged to promote investment

By Rachel Johnson

British employers yesterday urged Mr John Major, the Chancellor of the Exchequer, to use his first Budget to promote investment in business in 1990.

Introducing the Confederation of British Industry's budget submission to the Treasury, Sir Trevor Holdsworth, president, said measures to boost business investment were crucial to preventing the British economy from slipping into recession.

"The danger that investment plans will be undermined by the high cost of capital, the squeeze on profits, and slower growth, is the most serious risk the UK economy faces at present," Sir Trevor said.

On the European Monetary System, the CBI said the Government should take sterling into the narrow band of the Exchange Rate Mechanism of the EMS once lower inflation had been achieved.

The CBI proposals include:

- An increase from 25 to 40 per cent in the proportion of plant and machinery companies can write off against taxation annually, to offset the damage caused by higher business and interest rates.
- Cuts in the tax costs borne by employers. Their National Insurance contributions should be reduced.
- Inflationary increases outside companies' control should be held to a minimum.

Second trial ruled out for Grob

By Raymond Hughes

MR KENNETH GROB, former chairman of the Alexander Howden insurance group, will not have to face a second trial arising from an alleged international reinsurance fraud.

A judge decided yesterday that it would be impossible for Mr Grob and Mr Colin Hart, a former Lloyd's underwriter, to get a fair trial because material witnesses had either died or were too ill to give evidence.

Judge Denison at Southwark Crown Court also said Mr Grob's deteriorating health meant that he was at risk of both physical and mental breakdown.

Mr Hart had already been found guilty by a Lloyd's disciplinary tribunal in March 1986, on charges including those he now faced, the judge said. He had been excluded permanently from Lloyd's, fined £175,000 and ordered to pay £80,000 costs.

Last August Mr Grob was acquitted on 16 charges of theft in a 15-week trial arising from the 1982 takeover of Alexander Howden.

Ford plants likely to shut amid walk-outs

By Michael Smith, Labour Correspondent

FORD MOTOR said yesterday that it expected production at Halewood, one of its two UK car manufacturing plants, to be halted this week after maintenance staff began an indefinite strike in protest against the company's pay offer.

Strikes by 600 employees at Halewood were accompanied by a walk-out of virtually all 1,500 workers at the company's engine plant in Bridgend in Wales until at least Thursday.

At Dagenham, Ford UK's other car producing site, 4,000 assembly workers voted only narrowly against striking indefinitely.

However, they and 3,000 engine and services workers at Dagenham decided to stage a 24-hour strike on Wednesday to coincide with the resumption of pay talks between union leaders and the company.

The unofficial strikes yesterday highlighted the problems faced in bridging the gap. The strikes were led by skilled workers complaining against the erosion of their pay differentials with less skilled workers, as much as against the value of an offer which would lead to a 10.2 per cent rise in the first year of a two-year wage offer.

The unions are also strongly opposing any settlement which does not include a reduction in the 39-hour week.

Halewood produces about 1,100 of the 2,100 cars produced by Ford in Britain each week. An indefinite strike by maintenance workers in the metal stamping and construction works yesterday led to a breakdown by mid-morning and the laying off of 1,000 workers.

Maintenance workers at Halewood's transmission plant staged a 24-hour strike. The company said production had been affected but not stopped.

Although it expected workers to return this morning, work for them and other employees at Halewood would come to a halt "sooner or later" because of the indefinite strike in the metal stamping works.

The strike at Bridgend will affect the supply of engines both to other British plants and continental factories.

Accounting body eases brands stand

By David Waller

THE BRAND accounting debate took a fresh twist yesterday when members of the Accounting Standards Committee decided to amend the text of the exposure draft on intangible assets. Companies may in some circumstances ascribe a value to their brands and put this on the balance sheet.

The move – still subject to a formal vote – represents a significant relaxation of the ASC's previously extreme stance on the issue. Until yesterday's meeting, the ASC was committed to the view that brands should not be recognised on the balance sheet at all. Now, according to Mr Michael Renshall, ASC chairman, companies will be allowed to capitalise the value of acquired brands. But that value will have to be treated as if it were no different from ordinary goodwill, that is, the difference between the price paid for a company and its net tangible assets.

The ASC's line on goodwill, again subject to a formal vote, is that it should be capitalised on the balance sheet and subsequently written off against profits over a period normally not exceeding 20 years. Thus, the reported profits of a company capitalising £100m of goodwill or brands will be depressed by £5m each year for 20 years.

"We haven't completely retreated from the original line," Mr Renshall said after yesterday's meeting, "but we are listening and recognise the issues raised by industry.

"Realism dictates that we do not try to persuade people that brands should not be shown on the balance sheet. Such information can be helpful for shareholders."

Federation predicts 9m non-payers

Protesters form national lobby against poll tax

A NATIONAL campaign against the community charge, or poll tax, was launched yesterday with the organisers predicting that up to 9m people in England and Wales may refuse to pay, writes PA.

Mass demonstrations are also being planned in London and Glasgow for March 31 – the day before the poll tax comes into force in England and Wales.

The poll tax is to take the place of the domestic rates system, which taxes property owners for the costs of community services. Under the new scheme all those aged 18 or more will be obliged to pay the community charge.

The All Britain Anti-Poll Tax Federation announced its plans for a national campaign at a press conference in Parliament.

Mr Tommy Sheridan, the national chairman, said: "In Scotland, more than 1m people have not paid or are in some sort of arrears with the poll tax – about one quarter of the population.

"If you extrapolate that for England and Wales you get 8m to 9m. Mass non-payment is now a reality in Scotland. With hard work it will also become a reality in England and Wales."

Several million non-payment fact sheets and window bills are being prepared and lobbying of councils throughout Britain is under way, Mr Sheridan said.

The federation has been launched in a week that is expected to see several Tory MPs rebelling over the community charge in the parliamentary debate on local government funding scheduled for Thursday.

The organisation is being backed by some Labour MPs, including left-winger Dave Nellist, who represents Coventry south-east, who helped organise the launch meeting.

Mr Sheridan said he believed Labour should come out more strongly against the community charge and back the calls for non-payment.

Mr Neil Kinnock, the Labour leader, has made it clear that his party opposes the charge, but it does not support breaking the law.

Finance Act opens way for US insurers

By Patrick Cockburn

US LIFE insurance companies wishing to do business in the UK without establishing an office in this country will be able to so more easily in future under a little-used section of the 1986 Financial Services Act.

Pennsylvania, the first US state to take advantage of this, has been given "designated territory" status under the act. From February, any insurance company authorised to carry on business in Pennsylvania will be able to do so in the UK provided it joins the appropriate self-regulating body.

Mr Robert Smith, a partner in London solicitors Lawrence Graham, which assisted the Pennsylvania Insurance Department in negotiations with the Department of Trade and Industry, said that US insurance companies taking advantage of designated status were primarily interested in the 142,000 US citizens resident in the UK.

He said that, in practice, achieving designated status had proved easy and was the most efficient way for a US insurer without a European operation to promote its products in the UK.

Woman at the top: Nina Temple, 33, was elected general secretary of the Communist Party of Great Britain, the first woman in the post. Ms Temple has promised to transform the party into "a force which is feminist and green, as well as democratically socialist."

Fines to be based on ability to pay

By Robert Rice, Legal Correspondent

THE Government is to press ahead with the introduction of a system of fines tailored to the offender's ability to pay.

A unit fines system, to be outlined in a government policy paper, would mean that people with a higher level of disposable income would pay more for committing the same offence than the less well off.

The Home Office said yesterday that pilot schemes set up in 1988 in Bradford, Basingstoke, Teesside and Swansea had been successful and had won the support of the Magistrates' Association.

Mr John Patten, Home Office minister said: "We believe there are substantial benefits to be gained from maximising the effectiveness of the fine and have been watching recent experiments with the unit fine system with great interest."

Under the new system, a person with a weekly disposable income of £20 would have to pay £200 for a fine of 10 units. A better-off offender, also fined 10 units but who had a weekly spare income of £100, would have to pay £1,000.

Defendants would be required to give details of their income and outgoings in a means form. Offenders will be able to pay their fines in weekly instalments or in one sum.

The Labour party, which will publish its own criminal justice plans tomorrow, welcomed the plan.

Official figures show falling raw material costs

By Peter Norman, Economics Correspondent

MANUFACTURING industry's fuel and raw material costs fell last month on a seasonally adjusted basis, but City analysts doubted whether this signalled an easing of inflationary pressures in the British economy.

The Central Statistical Office said industry's input prices fell in December by a seasonally adjusted 0.6 per cent, reducing the year-on-year increase last month to 4.7 per cent from 5.8 per cent in November.

At the same time, industry's output prices, which are not seasonally adjusted, increased 0.2 per cent in December. Output prices – the prices charged by manufacturers at the factory gate for home sales – rose by 5 per cent in the year to December after rising 4.9 per cent the month before.

Output price inflation was broadly in line with market expectations. But the seasonally-adjusted fall in December input prices did come as a surprise after analysts' forecasts had pointed to a 0.1 per cent increase last month and a 5.4 per cent year-on-year gain.

Falling metal prices, which offset dearer petroleum and industrial electricity, helped keep down the year-to-year increase in input prices. The recent oil price rise, which had not worked through into input prices last month, will constitute a cost pressure in the months ahead.

Mr Peter Spencer, UK economist at Shearson Lehman Hutton, the London investment bank, said figures for input and output prices other than food, drink and tobacco also pointed to future inflationary pressures. These showed output prices rising by 5.5 per cent in the year to December and input prices increasing by an annual 3.8 per cent last month.

"The figures mean that the profit squeeze that is essential for Government anti-inflation policy is simply not there," Mr Spencer said. Without such a squeeze, companies will be able to pay inflationary wage settlements, he warned.

The seasonally adjusted index of manufacturers' input prices stood at a provisional 105 in December (1985=100) compared with 105.6 in November while the unadjusted input price index rose to 107.4 from 105.6. The index of manufacturers' output prices stood at 121.2 last month against 120.9 in November.

IN BRIEF

High Court postpones drug money decision

An application for a writ of *habeus corpus* by Nazir Chinoy, a former senior official of Bank of Credit and Commerce International who is accused of taking part in a worldwide drugs money laundering ring, has been adjourned by the High Court.

Chinoy, who was based at BCCI's Paris branch, asked the court to free him from cuson the ground that he had been wrongly sent to prison to await extradition to the US.

Lord Justice Woolf said the case would be adjourned to await the outcome of a hearing in the US courts which could have a bearing on Chinoy's application.

Harland share price

Employees of Harland Wolff, the privatised Belfast shipbuilder, will be able to buy or sell shares at £1.04 later this month, four pence more than when the company was acquired in a management-employee buy-out last year.

Belfast men in court

Five men will appear in court in Belfast today on charges arising out of the investigation into alleged links between members of the security forces and paramilitary groups. The men were among more than a dozen people arrested during raids in east Belfast early last week.

Power marketing

A single marketing relations firm is to be charged with marketing shares in the electricity industry, the Government's biggest-ever privatisation. Estimates of the industry's total proceeds range from about £10bn to £15bn, far more than realised by the sales of British Gas and the water industry.

Club backs road plan

Controversial proposals to designate 300 miles of London roads as virtually non-stopping freeways, with much tougher penalties for illegal parking, were given guarded approval by the Royal Automobile Club.

Opera House pay offer

Equity, the performers' union which was in talks with the Royal Opera House at the Advisory, Arbitration and Conciliation Service last week, will put a revised offer to dancers today.

Miners take cut

About 150 workers at the Geevor tin mine at Pendeen, in Cornwall, have volunteered to take a pay cut in a bid to preserve their jobs.

Director in custody

Stephen Francis, a company director charged with four offences under the 1981 Forgery and Counterfeiting Act, was remanded in custody for a further week. The alleged offences concern transactions on the New Zealand financial futures market.

Housing investment up

Companies investing in private rented housing under the Government's Business Expansion Scheme have raised £370m since July 1988.

Post-1992 threat for Scottish finance

By James Buxton, Scottish Correspondent

LACK of capital may prevent Scotland's financial sector from exploiting opportunities in the European single market. However, the sector's best immediate prospects may lie in niches such as venture capital and merchant banking.

Those are the conclusions of a paper on the effect the 1992 single European market will have on the Scottish financial sector by a committee set up by the Government.

It says that although the Scottish financial community is large in terms of funds under management – totalling more than £100bn ($167bn) – these funds belong to investors, policy holders and depositors. Fund management companies are often insufficiently capitalised to fund acquisitions and marketing and distribution of products.

The authors, Mr Allan Hodgson of Hodgson Martin, investment managers, and Mr Ewan Brown of Noble Grossart, merchant bankers, both in Edinburgh, say that the large life assurance sector is "shackled by its corporate structure."

Their mutual status limits their ability to acquire companies except by cash, at a time when other European life assurance companies, notably in France, are expanding.

However, Scotland's "highly efficient professional infrastructure of lawyers, accountants and other professional advisers" should be able to attract a significant share of European corporate finance activity.

They say Scotland could be a centre for venture capital activity, which is developing in many European countries and does not depend on being close to large capital markets.

Scottish expertise here has "fewer competitors within Europe than probably any other financial service." Scottish expertise in management buy-outs and buy-ins could also be exported on the Continent, while the merchant banking sector, which though small is growing fast, could exploit its specialisation and its absence of conflicts of interest compared with merchant banks in the City of London.

Towards 1992: Effects on the Scottish financial sector. Industry Department for Scotland, Room 214, Alhanbra House, 45 Waterloo Street, Glasgow, G2 6AT. Free

Securities body proposes code of conduct

By Richard Waters

THE overhaul of the rulebooks governing the investment industry moved a step closer yesterday with the publication of a set of draft principles which would apply to all investment businesses.

However, delays in reaching agreement within the industry over the second phase of the revision, a series of so-called "core rules" for all investment firms, mean that the overhaul is unlikely to be completed until well into the autumn.

The SIB said that the first stage of the overhaul – the introduction of basic principles setting out the standards of conduct expected from investment firms – would come into force on 1 April.

9

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European R&D projects

Pitfalls on the path to collaboration

By Charles Batchelor

Small companies are often unable to develop new products because they lack the money and the breadth of skills required. Simon Standley, managing director of Precision Systems, a St Ives, Cambridgeshire-based specialist in advanced welding technology, faced just such a dilemma.

Standley was convinced there was a profitable market for equipment which could automatically regrind the worn edges of jet engine turbine blades. At present the job is done manually but an automatic system would speed up the process, cut wastage and reduce the area of the blades exposed to high temperatures.

For a company with just 12 employees and turnover of £600,000, however, a project of this kind appeared too ambitious. Standley, a brisk, determined man, decided that if the job was too big for Precision Systems alone he would bring in partners. He turned to Brite, one of the European Community's collaborative research and development programmes.

Through Brite (the Basic Research in Industrial Technology for Europe programme), Precision Systems has teamed up with three German partners: Isotopen-Technik Dr Sauerwein, a small German supplier of image processing software; Aachen Technical University, which is supplying expertise in the field of sensors; and the German Nuclear Energy Research Centre which has the X-ray technology.

The European Commission is providing £1m towards the £2m cost of the four-year project, with £370,000 of that going to the British company. Precision Systems is project leader despite the fact that it is the smallest partner.

As well as providing the finance and skills which Precision Systems lacked, the Brite link-up should give an entry into the German market for Standley. Previous attempts to find an agent in Germany had come to nothing but contacts with Aachen University have provided leads.

In the early days of the European collaborative programmes it was the big companies, with their large corporate staffs, their teams of lawyers and their experience of dealing with government organisations, which scooped the pool.

Efforts are now being made to make the collaborative programmes more accessible to small firms and their share of the money available from Brussels has been increasing.

Enterprises employing up to 500 people were involved in 49 per cent of the first round of the Brite programme and in 60 per cent of the second round. Their share in some other programmes has been much lower, however. They participated in only 8 per cent of the biotechnology programme schemes and 17 per cent of Euram (European Research in Advanced Materials).

One concession made by the Commission to smaller companies has been to provide grants which allow them to demonstrate the feasibility of a new machine or process to help them improve their credibility with larger companies. Feasibility premiums, which cover 75 per cent of a project's costs, were granted to 60 smaller companies last year.

In addition, the Commission's Enterprise Directorate, which promotes the interests of smaller companies, has backed the creation of a Europe-wide network of information offices to publicise Community programmes and launched a scheme to bring together businesses looking for partners.

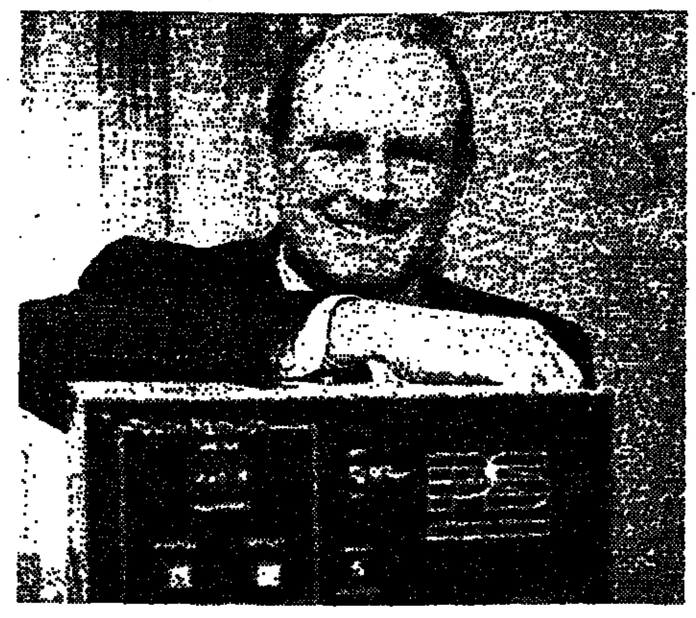
In a further attempt to broaden small firms' access to R&D the Commission yesterday announced a pilot programme to allow small firms without their own R&D capacity jointly to commission research from outside experts.

Despite these efforts, smaller companies still face considerable obstacles in participating in European collaborative programmes.

Meeting the detailed requirements laid down by the Commission can be laborious and time-consuming. Simon Standley says he had to answer a 35-page questionnaire as part of his application form. Mapping out the technical details of how the project would progress over the four year period was particularly difficult and took two or three attempts before it was approved.

Standley estimates that writing the initial technical report took him a month and that participating in Brite takes on average between 5 and 10 per cent of his time. Meetings with his German partners and with officials in Brussels are held every three months or so. "There is a lot of paperwork," says Standley.

One of the disadvantages of dealing with a large organisation like the European Commission is the speed with which officials change jobs. Standley and his partners had just got to know the French case officer assigned to their project when he was moved and a Spanish official took over. The proposal had already been approved by Brussels but Standley was still faced with familiarising the new case officer with the project.



Alan Harper

Simon Standley: project leader, although the smallest company

Standley says he is happy with the way the Commission pays out the funds in instalments as the project develops but other companies have been less satisfied. Lablogic, a Sheffield-based software company with 15 employees and sales of £1.2m was awarded £55,000 in 1987 under the Community's Biotechnology Action Programme. When the money failed to arrive, John Clapham, managing director, phoned Brussels only to hear from an embarrassed official that the budget for that particular programme had been spent and the award could not be paid.

Ken Board, technical director of Rockfield Software, a spin-off from the University of Wales in Swansea, says that waiting for payments of European Commission funds can cause cash-flow problems for the smaller company. "They seem to have a convoluted checking system and getting money paid can be a problem," he says.

Rockfield employs 12 people and has turnover of £360,000. It has been awarded £270,000 under a Brite project intended to develop software for measuring the stresses metals undergo when they are stamped into shapes such as car bodies. Rockfield's partners are a Barcelona-based research institute and two Spanish metal fabrication companies which will act as "test sites" for the software.

A more fundamental problem faced by many small firms in Community collaboration programmes is the requirement that projects involve pre-competitive research. Smaller firms are more interested in applied research which will result in specific new products which will increase turnover in the short term, the Community study states. Ken Board says he is looking for a UK company, which, with the agreement of the Spanish partners, could collaborate on developing parallel products within a shorter time frame than the four years set by the BRITE programme.

Dealing with larger corporate partners in a collaborative project can be frustrating for the smaller firm. "There is a great deal of inertia in large companies," says Board. "We saw this as a high priority. For them it was low priority and it took time to go through their approval system." The result was that the project started six months later than planned.

Some small companies get round the difficulties of dealing directly with Brussels and overseas partners by acting as subcontractors to larger companies involved in cross-border programmes.

Rytrak, a Liverpool-based manufacturer of equipment for the integrated circuit industry, is a subcontractor to GEC, the British electrical group, in an Esprit (information technology) project. Derek Palmer, chief executive of the £1.5m turnover company, says he leaves much of the documentation to GEC. "A company like ours doesn't even understand the legal papers so we usually agree with what is suggested by their legal department." One advantage of Community R&D projects is that Brussels makes no claim to the intellectual property rights. But, for a small sub-contractor working with a larger company, it is often simpler to assign the rights to any new discoveries to the lead contractor rather than attempt to negotiate a stake in something which has yet to be developed. However, when the small partner brings some of its own technology into a venture it must take care to protect its intellectual property, warns Palmer.

Taking part in European Community programmes is no quick and easy route to new products and new markets for the smaller firm. "If they are new to this sort of co-operation they can flounder," warns Ben Bennetts, a Southampton-based consultant. "But small firms do benefit because they make contacts and they see there is something outside the confines of their own country."

Bringing a commercial slant

Charles Batchelor reports on help for Polish accountants

Encouraging the small business sector in Poland could be a quicker way of boosting that country's economy than trying to revitalise the large and inefficient state corporations.

This is the view of Andrew Kinast, a manager with London-based accountants Blick Rothenberg. Kinast recently met the president of the Accounting Association of Poland to discuss helping Polish accountants adopt more commercial standards. Most lack the skills to provide advice to small firms, he says.

Kinast says he is now acting informally for the Institute of Chartered Accountants in England and Wales to arrange seminars to help Polish accountants. Depreciation, for example, is an arbitrary concept while Polish accountants have tended to concentrate on controlling materials rather than costs.

Efforts to help Poland's small firms sector are also being made by The Forum of Private Business, a UK small business lobby group, which is drawing up proposals for a small firms support programme. Its work is being part-funded by the British Government.

Small firms have an important role to play in the revitalisation of the Polish economy but will require special help, says Kinast, whose parents were born in Poland.

Poland has more than 200,000 sole traders and about 20,000 limited liability partnerships but demand at a local level for a whole range of products and services would support a new wave of small businesses.

One of the problems facing small businesses in Poland is the banking system. The three state banks are unable to take on new customers because their outdated computer technology is stretched to full capacity, Kinast says. One company executive reported regularly queueing at his bank for four hours to collect his employees' wages while inter-branch money transfers can take three weeks to process.

Many small businesses lacking the hard currency needed to acquire additional machinery could be boosted by relatively small investments of $20,000-$30,000, he estimates.

Disproportionate costs of audit

The costs of carrying out the compulsory audit required in the UK by law bear most heavily on small companies, according to a recent review* of more than 2,000 company accounts by Graham Bannock, a London-based small business consultancy.

The audit fee amounts to more than 4 per cent of turnover for companies with sales of less than £20,000, 1.6 per cent for businesses in the £50,000-£99,999 range and 0.8 per cent in the £100,000-£199,999 range. For companies with turnover of £10m or more the audit cost falls to less than 0.2 per cent.

These figures, taken from accounts filed at Companies House, are not large in relation to turnover but they are much greater measured in terms of the proprietor's drawings or profit, the study states.

What is more important is, that the audit charge is only one of many administrative burdens, such as VAT compliance, which weigh more heavily on the small firm than the large, it adds.

The issue of the compulsory audit for small firms has twice been reviewed by the Department of Trade and Industry in the past six years but the requirement has remained.

A further indirect burden imposed by the insistence on the use of an independent qualified auditor is that a cheaper "unqualified" accountant or book-keeper cannot be employed.

The requirement to use a professional accountant for the company audit discourages the use of another outside firm for book-keeping services, a common practice overseas.

Despite these disadvantages, the compulsory audit carries the benefit of reducing the number of company accounts which need to be checked by the taxman. There is no reason, though, for the audit requirement for small firms to be any more detailed than the abbreviated accounts necessary for the Companies' House register. This simplification would reduce the cost of the compulsory audit, Bannock suggests.

Small Business Perspective, December 1989. Graham Bannock and Partners, 53 Clarewood Court, Crawford Street, London W1H 5DF.

CB

In brief...

■ *Owner-managed businesses* in the north-east of England will be listed in a directory entitled *Great North Prospects* which is intended to persuade more graduates to seek local employment. The directory, which is based on an idea borrowed from Japan, will provide information on companies' activities, culture and skill needs. Work on the directory will be completed in the Spring of 1990.

Contact David Mullen, Durham University Business School. Tel 091 374 2223.

■ *Barclays Bank* has negotiated a £100m financing arrangement with the European Investment Bank (EIB) for on-lending throughout the European Community to small and medium-sized businesses. The funds comprise up to £60m from the EIB's own resources earmarked for projects in assisted areas and £40m of New Community Instrument funds provided directly by the European Commission for use outside assisted regions.

■ More than £35,000 worth of prizes is available under the Export Award for Smaller Businesses 1990 scheme. The competition is open to independent British firms employing up to 200 people which have increased export earnings in their most recent two financial years to at least £100,000 in the second year.

Contact Award Administrator, Midland Bank, 110 Cannon Street, London EC4N 6AA. Tel 01-260 5552. Closing date for entries is March 16.

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Box H5631, Financial Times, One Southwark Bridge, London SE1 9HL.

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The JOINT ADMINISTRATIVE RECEIVERS of ROTHBURY LITHO LIMITED
Offer for sale
THE BUSINESS AND ASSETS

Including 5 Heidelberg Printing Machines (2, 4 and 5 colour)
Operating out of Leasehold Premises in Hackney, London, E9.
Contact: David R.F. Sapte F.C.A. or Frances E. Watson

BEGBIES, Chartered Accountants, 6, Raymond Buildings, Gray's Inn, London, WC1R 5BP.
Telephone: 01-405 1219 Fax: 01-405 0350

Bestelve Transport Contractors Limited
(In Receivership)

K S Chalk FCA and G S Johal ACA, the Joint Administrative Receivers offer for sale as a going concern the business and assets of this transport, warehousing and commercial vehicle repair business based in Merseyside.

The business includes the main transport and warehousing operation of KWIKLOK LIMITED (in Receivership) which is also offered for sale as a going concern by the Receivers of that company. The business also includes a profitable commercial vehicle service and repair business which can be sold as a separate unit.

- * Modern fleet of 11 vehicles and 19 trailers.
- * Leasehold warehouse of 48,000 sq ft.
- * 22 employees.
- * Long leasehold garage premises.
- * Annual turnover approximately £800,000.

For further details please contact Ken Chalk or Geoff Clure at Spicer & Oppenheim & Partners, 12 Booth Street, Manchester M60 2ED. Telephone: 061-236 9721 Fax: 061-228 2681.

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- 40,000 square foot freehold factory and offices on a 3½ acre site.
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- Unique product range.

For further details contact the joint administrative receiver:
M. J. Hore

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Excellently equipped and efficient light engineering works. Wide range of plant. Good workforce. Modern freehold factory of approx. 13,000 sq.ft. Wide customer base. Current turnover approx. £1m p.a. Excellent potential.

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MARRIOTT SECURITIES LTD
21 Gloucester Gardens
London NW11 9AB
Tel: 01-458 8387
Fax: 01-209 0927

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Long established main dealership representing a major motor manufacturer. Excellent location and petrol sales with freehold property.

Annual turnover £4.5m, net assets include significant cash balances. Substantial offers are invited from serious inquirers only.

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By Order of the Liquidator J. Clark Esq FIPA

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Stock at cost approx £200,000
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43,500 sq ft leasehold Factory
T/O YE April 1989 £2.3m
Location Lancashire
Ref RJG

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Tel: 061 832 8454

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- Long established and profitable computer field maintenance company with Turnover of £1 Million +
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Opportunity to acquire the business and assets of specialist semiconductor assembly equipment. Assets for sale will comprise Leasehold, Stocks, Work in Progress and Order Book. Blue Chip international customer base. Principals only please apply to:-

Box H5603, Financial Times, One Southwark Bridge, London SE1 9HL.

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Southern England based with stove enamelling plant fully equipped CNC workshop, in modern freehold premises. Good order book and high quality customer base. Turnover £1 million and highly profitable.

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London Home Counties Area
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Substantial, established Company with excellent reputation in household improvement market. Highly profitable, freehold premises with expansion potential.

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CHIRAG LIMITED

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Assets for sale include:
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- Fixtures and Fittings
- Stock
- Goodwill and other assets

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Old established family firm based in Birmingham, close to motorways. Profitable. Turnover £1/2 million. Modern property with warehousing.

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Contact Graham Chamberlain
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with new and modern treatment facilities and completely refurbished factory in SE Home Counties. Wishes to sell as a going concern. Strong order book, positive cash flow. Excellent potential. Company established more than 30 years.

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Enquiries to Tony Coates, Stephenson Armstrong & Co., 70, Jesmond Road, Newcastle Upon Tyne, NE2 4QD.

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PRICE - £48,000

TEL: 01-767 1272 - Mr J Weiner

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Established, successful business for sale in busy Kent/S.E. London area £75,000.

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Please write Box H5588, Financial Times, One Southwark Bridge, LONDON. SE1 9HL.

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Write Box H5637, Financial Times, One Southwark Bridge, London SE1 9HL.

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We are a privately owned company specialising in the supply of aircraft components. We are looking for acquisitions in related fields, preferably with £100k or more net profit.

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Please reply in strictest confidence to:-

Managing Director Box No H5605, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

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A progressive plc is seeking to expand its business base through further acquisitions in the manufacturing sector

We are looking for companies in the small to medium size range with pre-tax profits of between £½m and £3m.

Consideration for the purchase of any acquisition can be based on cash or equity or a suitable mix

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Box H5609, Financial Times,
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Greyhound Financial Services Ltd
11 Albemarle Street
London W1X 3HE
Tel. 01-493 5518

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Please reply in strictest confidence to the company's accountants:

Attn. Mr John Shine,
Adler Shine & Company,
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HA8 7HQ

LLOYDS BROKERAGE

required all options considered

Box H5613 Financial Times,
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Write Box H5607, Financial Times, One Southwark Bridge, London SE1 9HL

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Sun Bed Manufacturers

BOWDENWELL LIMITED.
TRADING AS 'HOUSE OF ROBIN',
STOURBRIDGE, WEST MIDLANDS.

The business and assets of the above manufacturer of sun beds and distributor of leisure equipment are offered for sale by the Joint Administrative Receivers.

Principal assets include:

- Leasehold premises
- Plant and equipment
- Good order book
- Skilled work force

For further information, please contact the Joint Administrative Receiver:
Mr. Vivian Bairstow, Ernst & Young,
Apex Plaza, Reading, Berkshire RG1 1YE.
Tel: 0734 500611. Fax: 0734 507744.

Ernst & Young

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Engineering

VF ENGINEERING LIMITED,
ANDOVER, HAMPSHIRE.

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Principal assets include:

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- Qualified project management team
- Design facilities
- Skilled work force.

For further information, please contact the Joint Administrative Receiver:
Mr. Vivian Bairstow, Ernst & Young,
Apex Plaza, Reading, Berkshire RG1 1YE.
Tel: 0734 500611. Fax: 0734 507744.

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- A snooker and leisure centre offering the following facilities:
  - 12 Full-size Snooker Tables
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For further information and details contact:—

D. C. Lovett or P. Masters, Arthur Andersen & Co., 1 Victoria Square, Birmingham

Telephone: 021-233 2101
Fax: 021-643 7647
Telex: 337222

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Bridgend Industrial Estate,
Bridgend,
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CF31 3RF.
Tel: 0656 646226

FOR SALE

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Write Box H5636, Financial Times,
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FT LAW REPORTS

Greek cargo liability exemption

THE KOMNINOS S
Queen's Bench Division (Commercial Court): Mr Justice Leggatt: December 20 1989

A CARGO claim brought within an extended limitation period agreed between parties to a bill of lading in the probable belief that it was governed by the Hague-Visby Rules permitting extension, is not subject to the time-bar imposed by what is subsequently found to be the foreign proper law of the contract, in that the shipowner must have intended to give cargo-owners more time in which to sue and application of the time-bar would cause them undue hardship contrary to English policy.

Mr Justice Leggatt so held when giving judgment for the plaintiff cargo-owners, Hellenic Steel Co on a claim against shipowners, Svolamar Shipping Co Ltd, for damage to cargo shipped on board the Komninos S.

Section 1 of the Foreign Limitation Periods Act 1984 provides: ". . . where in any action . . . the law of any other country falls . . . to be taken into account . . . (a)the law of that other country relating to limitation shall apply in respect of that matter."

Section 2: "(1)In any case in which the application of section 1 would to any extent conflict with public policy, that section shall not apply to the extent that its application would so conflict. (2)The application of section 1 . . . shall conflict with public policy to the extent that its application would cause undue hardship to a . . . party . . ."

HIS LORDSHIP said that a cargo of steel coils shipped aboard the Komninos S at Thessaloniki in Greece was in apparent good condition on shipment. On discharge the coils were damaged by corrosion.

On the previous voyage the vessel had carried 2,500 tonnes of marine salt in bulk from Spain to Thessaloniki. The holds were cleaned on discharge, but not with sufficient thoroughness to remove all salt residues.

Loading of the steel coils was completed at Thessaloniki on March 13 1987. The vessel sailed for Ravenna. She arrived on March 18 and began discharging the following day.

While the steel coils were being unloaded the receivers noticed their outer wrappings had been affected by salt, and there were signs of water having been present in the holds.

The cargo-owners claimed against the shipowners alternatively in contract, bailment and tort.

On the evidence it was found that when the coils were loaded into the lower holds they had a below zero temperature. When the hatches were closed the mass of the coils caused the temperature of the warmer entrapped air to drop below its dewpoint. Moisture condensed on the exposed surfaces of the coils and started to cause rust. It ran off the coils and collected in the end of each hold. Many coils were ruined.

Collection of water in that way must have been due to a failure to pump out the bilges. Not to have pumped was bad seamanship. Cargo sweat, as it was technically known, continued in the lower hold until an equilibrium of temperature was reached. Corrosion of the coils was increased by the salt left by insufficient cleaning of the holds.

The effective causes of the damage therefore were failure to clean the holds sufficiently, and failure to pump the bilges.

In both omissions the master and crew were negligent. They rendered the vessel unseaworthy at the outset and in the course of the voyage, as she was unfit to convey the cargo.

The extent of the damage was increased by the fact that the coils were not opened and dealt with immediately by the receivers.

The first issue of law was whether the proper law of the contract was Greek or English.

The bills of lading contained no express choice of law. They were in English and provided that disputes should be referred to "British" courts.

The contract was made in Greece between Greek shipowners and Greek managers, to carry Greek steel from Greece to Italy for freight payable in Greece in Greek currency pursuant to Greek exchange control regulations.

Those facts predominated over the equivocal reference to British courts, and other English references.

Accordingly, Greek law was the proper law of the contract.

The next issue was whether clauses 8 and 20 of the bills of lading were apt to exclude or limit the shipowners' liability.

Clause 8 provided that the shipowners were not to be responsible for loss or damage occasioned by "neglect . . . of the shipowners in the management . . .of the ship or . . . sweat, rust . . . ." Clause 20 provided the owners were not to be responsible for "any losses . . . which can be covered by insurance."

It was common ground that under Greek law the exemption clauses did not apply, and to escape liability the shipowners had to bring themselves within the exception of perils of the sea, or act of shipper.

Although some of the damage to the coils was caused by the receivers' failure to unwrap and treat them as soon as possible, there was no evidence of the amount of damage caused. The court could do no more than make a discount of five per cent from the total amount of damages otherwise recoverable.

It was also common ground that under Greek law the claim became time-barred, though there was an agreement between the parties for extension of time on March 23.

Mr Caldin for the cargo-owners argued that because the agreement for extension of time was consistent with an implicit choice of the Hague-Visby Rules, the parties must impliedly have agreed to adoption of the Rules by amendment of the bills of lading, or alternatively the shipowners were estopped from denying that they applied.

The answer must be that the agreement was not consistent only with an assumption that the Rules applied; that even if it had been, the assumption was wrong; that no assumption that the Rules might apply could be arrogated into an agreement that they would apply, even if the assumption were not wrong; and that an estoppel could not provide a plaintiff with a cause of action he otherwise lacked as distinct from depriving a defendant of a defence he would otherwise have had.

The cargo-owners submitted that the shipowners were estopped from asserting limitation because they extended time in the context of English proceedings in which agreements for extension of time were recognised.

The agreement to extend time might well have been made on the assumption that the Hague-Visby Rules applied, under which the time limit was capable of consensual extension.

Under Greek law it was not possible to extend time in that way. Even if it had been, time was extended until June 1988, whereas Greek proceedings only commenced when service was effected in December 1988. It would have been useless for the shipowners to represent that they would extend time for purposes of Greek law, and they did not do so. They were therefore not estopped from relying on the plea of limitation.

The cargo-owners nevertheless invoked section 2 of the Foreign Limitation Periods Act 1984, which provided that the limitation rules of the proper law were to be applied in actions, except to the extent that they conflicted with English public policy; and which declared there was a conflict with public policy to the extent that undue hardship would be caused to a party.

According to the cargo-owners "undue hardship" would result to them if the shipowners were allowed to rely on the time-bar after agreeing an extension of time.

By agreeing to extend time the shipowners plainly intended to vouchsafe the cargo-owners more time in which to bring proceedings against them without being time-barred.

Within the time allowed the cargo-owners instituted such proceedings as were contemplated by the parties.

In those circumstances it would constitute a real and undue hardship if the cargo-owners were to be denied the opportunity of pursuing their claim by an incident of foreign law by which the parties did not realise their contract was governed.

Greek law excluded reliance on exemption clauses, as did the Hague-Visby Rules and therefore had the same effect in this context as did the Rules by which the parties probably assumed the contract would be governed.

The cargo-owners' claim succeeded.

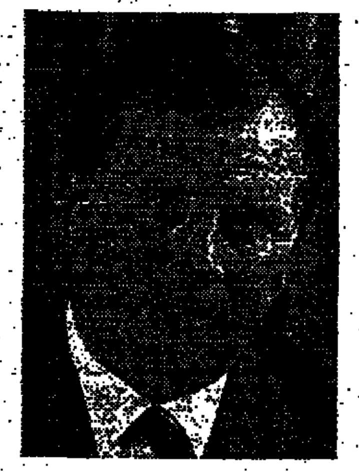
For the shipowners: David Garland (Norton Rose).

For the cargo-owners: Peter Caldin (William A Merrick & Co).

Rachel Davies
Barrister

APPOINTMENTS

Changes at ASDA Group



■ Mr Richard Harker *(right)*, chief executive of ALLIED MAPLES GROUP, has been appointed joint managing director of sister company ASDA STORES, main operating division of the Asda Group. He is succeeded at Allied Maples by Mr Grahame Winter, retail operations and personnel director. Mr Harker, who becomes a non-executive director of Allied-Maples, will be responsible for buying and marketing at Asda Stores, while Mr Tony Campbell, joint managing director retail, continues his responsibility for operations and personnel. Three divisional directors have been promoted to the Asda Stores board: Mr Laurie Boyle and Mr Tony Jeffries have responsibility for food buying, and Mr Brian Milburn for non-food buying. Mr Bill Bailey and Mr Keith Clarke have resigned. Mr Jim Ballinghall is promoted to MIS director, replacing Mr Mike Palmer on the board who is also to leave the company.

■ Mr Robin Hindle Fisher, a director, has been appointed managing director of HENDERSON PENSION FUND MANAGEMENT. He succeeds Mr Colin Day who remains chairman.

■ GEORGE WIMPEY has formed a new division, Wimpey Technology, headed by Mr Richard McLaughlin, main board technical director. It comprises Wimpey Laboratories, Wimpol, Wimpey Geotech, and a new company, Wimpey Environmental. Mr McLaughlin also becomes chairman of Wimpey Environmental, Wimpey Geotech and Wimpol.

■ Mr Peter Godfrey has been promoted to deputy chairman of Midland Network Services, Peterborough, telecommunications arm of MIDLAND GROUP. He was managing director, and is succeeded by Ms Linda Wilkinson who was marketing director.

■ Mr Nigel C. Dancer, a director, has been promoted to managing director of HIGGS AND HILL DEVELOPMENTS. He succeeds Mr Jonathan Strong who is joining Speyhawk.

■ Mr Mike Foottit has been appointed to the board of FULTON PREBON STERLING, subsidiary of International City Holdings.

■ Mr Norman Burden has been appointed chairman of VITALOGRAPH, Buckingham. He is senior partner in Templewood Associates and a director of Northmace.

■ Mr John Wilson has been appointed business development manager of BMT GROUP, Teddington, commercial arm of British Maritime Technology. He was group marketing director at Seaforth Maritime.

■ NORSK DATA UK, Newbury, has appointed Mr Russell Robinson as finance director.

■ BEAZER has made the following appointments: Mr Maurice Croft, special director, Beazer Regional Construction; Mr Gary Barnes, director, Beazer East Anglia; Mr Doug Elliott, director, Wallis Western; and Mr Keith Morrant, director, Moss Construction Southern.

■ Mr Alan Snape has been appointed sales director of LIMELIGHT FURNITURE. He was sales director of Hammonds Furniture.

■ Mr Michael Farrell has been appointed group information technology director at CADBURY SCHWEPPES, a new post. He was director of finance and management systems in Coca-Cola and Schweppes Beverages.

■ Miss Jane Locke, head of marketing at BAKER HARRIS SAUNDERS, has been promoted to associate director.

■ THE RUGBY GROUP has appointed Mr David McAteer as deputy chief executive of Rugby Cement in addition to his responsibilities as operations director of the cement division. Mr John Newton, commercial director of the division, additionally becomes managing director of Ash Resources.

■ Mr Nick Kirk, finance director of Newton Investment Management, has been appointed to the board of WELLINGTON BES, a sister company in Newton Management (Holdings).

■ Mr Peter Lyon is joining SMITH NEW COURT as global strategist on March 1. He was a director responsible for asset allocation at County NatWest Investment Management.

■ *Mr Stan Keyworth has* been appointed managing director of Edward Rose; and Mr David Morley is promoted to managing director at Link Plastics. Both companies are in the automotive products division of WAGON INDUSTRIAL HOLDINGS.

■ Mr Peter Ramsbottom has been appointed managing director of RACK STORAGE SYSTEMS, Watford.

■ THE MMG PATRICOF GROUP has appointed Mr Alan Fletcher as a director of MMG Patricof Buy-ins. He was deputy president and chief operating officer of Swedish Match.

■ Mr Julian Macey has been appointed director of Maiden Soviet by ARTHUR MAIDEN from February 1. He was managing director of Poster Business. Maiden Soviet has the exclusive outdoor advertising rights in the streets of Moscow until 2003.

■ Mr Paul Smith has been appointed financial director for PERSIMMON HOMES (YORKSHIRE).

■ PITTARD GARNAR has appointed Mr Tony Marriott as gloving division managing director designate to succeed Mr Nigel Palmer when he retires in May. Mr Aidan Creedon becomes managing director, shoe and leather goods division, following the resignation of Mr Pieter Mommersteeg. Mr John Buckley, group financial director, additionally becomes trading division managing director. Mr Michael Redwood becomes managing director of Pittard Garnar Sales when Mr Tony Wood retires on February 9. Mr Peter Laight succeeds Mr Tony Marriott as managing director of Pittard Garnar Services.

■ Mr Cob Stenham becomes non-executive chairman, based in London, of BANKERS TRUST European operations.

■ Mr Graham E. Luff, financial controller, will be promoted to finance director of NEWSPAPER PUBLISHING from February 12, when Mr Christopher S. Barton retires at the annual meeting.

■ OPTICAL AND MEDICAL INTERNATIONAL has appointed Mr Robin Elsworth as general manager and director of the thin-film coating company Omitec Electro-Optics.

■ Mr Keith M. Taylor has been appointed non-executive chairman of SEAL TECHNOLOGY SYSTEMS, Cardiff.

■ ALLIED LONDON PROPERTIES has appointed Mr Frederick Graham-Watson as a director. He was with Clayform Properties, and will become group finance director and group secretary when Mr Clive Austin retires on March 31.

Mr Russ Watson *(above)* has become chief executive of NATIONWIDE ANGLIA ESTATE AGENTS. He was *managing director of* Berrys, the Midlands division of Nationwide Anglia Estate Agents.

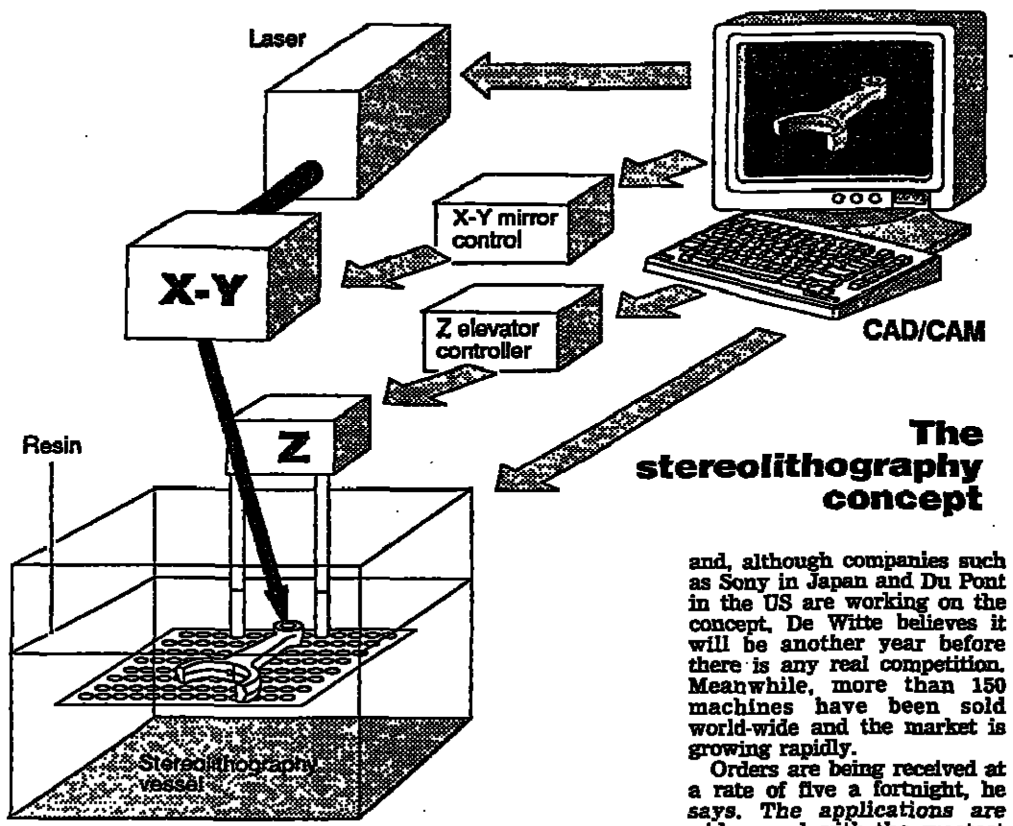
More appointments on page 46

BUSINESSES FOR SALE

TECHNOLOGY

Anna Kochan describes how a screen image can be converted directly into a solid model

A tangible advance in 3D design



The stereolithography concept

If a picture tells a thousand words, how many more must a three-dimensional solid replica be worth?

Developments involving lasers, computer software and photochemical techniques have made it possible to convert a 3D design directly from the screen into a 3D solid.

The stereolithography process, invented by 3D Systems, of California, is based on photochemistry – chemical reactions brought about by the application of photons.

Photons are found in light sources, but because heat is sufficient for most chemical reactions and less expensive than light, photochemistry is rarely used.

Stereolithography is one of *the exceptions. It uses the most* expensive of photon sources, a laser, to affect the chemical curing, or hardening, of an initially liquid resin.

Computer hardware and software have been developed so that, connected to a computer-aided design (Cad) system, the stereolithography machine can produce within a few hours an exact plastic replica of an object designed on the screen.

To achieve this, the software splits the computer design into thousands of horizontal layers, each of which can be treated by the laser as a flat two-dimensional shape. The laser controller receives the form of each layer and, through a system of mirrors, directs the beam to sketch out each shape, one after the other.

As the laser beam, projected downwards, hits the surface of the resin, it immediately hardens. The layers are built up on a moving platform, which starts off at the surface and gradually descends into the tank as each layer is built up.

Once the entire replica has been formed, it is lifted out of the tank and rinsed. After a final curing in an ultra-violet oven, the user has a plastic *replica of his design which is* accurate to within 0.1 mm.

The plastic part can be employed for assembly trials, for aerodynamic testing in a wind tunnel and for presentations. Moreover, it can be used to fabricate the shape in the *material in which* the component will be produced.

The result is a dramatic reduction in development time and in the cost of prototypes, says Olivier de Witte, stereolithography sales director for the French subsidiary of Spectra-Physics, the first company to market 3D Systems' machines in Europe. (Spectra-Physics' UK subsidiary is in Hemel Hempstead.)

In the aeronautics industry, for example, using conventional machining methods, a prototype of a complex component can take more than seven months to produce and cost around FFr 150,000 (£14,000). With stereolithography, the time is cut to one week; the cost to FFr 30,000.

The first stereolithography machines use a low-power 15 milliwatt (mW) helium cadmium laser and an acrylic resin. The minimum thickness of each "slice" of the model is 0.13 mm and maximum size of workpiece is 254 mm square.

A larger, more powerful version is about to be commercially produced, incorporating a 500 mW argon ion laser so that workpieces measuring up to 500 mm by 500 mm by 600 mm can be produced at 10 times the speed of the previous model.

Later on, the machine will be offered with a range of resins so that the user can choose the mechanical properties he wants his 3D models to exhibit.

Computer designs from the most frequently used Cad systems can be accepted by the machines. De Witte says there are no limitations on the complexity of the design.

In a few cases, the designer may have to add supports if the component, when sliced up, is found to have hanging parts which will fall as they are hardening. These supports are simply broken off when the model is finished.

The ensemble, comprising stereolithography machine, control systems and curing oven, amounts to an investment of about FFr 1.7m.

While 3D Systems continues to develop, build and sell the machines in the US, the resin development work is being undertaken in Europe by Spectra Physics' parent company Ciba Geigy. It has a 10-person team focused on the subject at its Swiss laboratories.

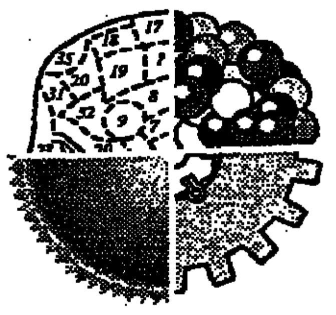
No other stereolithography machine is yet on the market and, although companies such as Sony in Japan and Du Pont in the US are working on the concept, De Witte believes it will be another year before there is any real competition. Meanwhile, more than 150 machines have been sold world-wide and the market is growing rapidly.

Orders are being received at a rate of five a fortnight, he *says. The applications are* widespread with the greatest sales being made in the automotive and aerospace industries, though interest is also high in the electrical, computing and medical sectors.

About a quarter of machines have been installed by small subcontractors, many of which have set up business solely on account of the new technology. They offer industry a complete prototype production service.

One such company is Laser Vision Systems, in France, which has a workshop equipped with two stereolithography machines, and it has reserved a third. Set up in June last year, its ambitions is to set up similar workshops elsewhere in France and in other European countries.

So far, only a third of the world's stereolithography machines are installed in Europe and West Germany has the majority of them.



WORTH WATCHING

Edited by Della Bradshaw

Shedding light and costs

INDUSTRIAL and commercial *lighting is dominated* by electrically powered fluorescent tubes, and manufacturers have been working on ways to cut running costs.

● One technique involves transferring some of the energy that now puts out heat *into the task of making light.* Typically, the fluorescent tube uses only just over half the 240 volts supplied from the mains (in the UK), with the rest used by the electrical ballast that all tubes need for the starting up process. The ballast absorbs energy and dissipates it as heat.

This loss can be cut by 20 per cent, with just a 2 to 8 per cent loss in light, using a technique developed by Econolight, of Haywards Heath. At the heart of the Econolight system is a twin *transformer which* acts as a non-inductive switch, so that little heat is generated, or lost, in the transformer by magnetic induction.

● For those with existing fluorescent light fittings, a technique developed in the US *can help make the best* use of the light produced.

3M has developed a reflective shield which ensures that 96 per cent of the light produced by the tube is focused on to the workplace, instead of being absorbed by the fitting or the ceiling. In many cases, the number of fluorescent tubes can be halved without any apparent loss of light.

The faceted reflector comprises an aluminium substrate coated with a very thin layer of pure silver, which is an extremely good light reflector.

One car, two types of power

AUDI, the West German car manufacturer, is aiming to get the best of both worlds in one vehicle that can be powered alternately by petrol or electricity.

The Audi Hybridsystem, which can be built into any of the company's four-wheel-drive cars, uses a standard petrol or diesel engine to power the front wheels and electrical propulsion for the rear ones.

The driver switches from one to the other by pressing a button. When driving on the autobahn, the driver would use the combustion engine to give the speed required, but once in an urban crawl he would switch to the electric propulsion system.

As well as cutting down *on noise and emissions,* using electricity saves money. The battery needed to power the rear wheels is recharged by the petrol engine while the car travels at speed.

The car is undergoing evaluation in West Germany and *Audi is monitoring reaction* to the vehicle before considering mass production.

Let the modem do the talking

COMPANIES selling information held on computer databases will be *the first* to recognise the value of a single modem which can "talk" to 16 standard types.

The OS18296 modem, as it is called, enables database information suppliers to *install just one box of tricks* to respond to companies using modems built to a *range of different standards.* The OS18296 recognises the sign-on tune of each of the 16 types of modem, and sends data to the inquiring *computer at the right* speed and using the appropriate protocols.

Included in the package, developed by Octocom Systems, of Wilmington, Massachusetts, are the most popular international standards for both leased line and dial-up calls, such as as V.32, V.29 and V.22bis, as well as several standards in use only in the US.

The universal modem should be available from March.

Stuck with safety in the air

THE ADHESIVE which glues parts of an aircraft body together is an important component of airline safety. But developing a fault-proof substance is no easy task.

It has to be conductive, otherwise a lightning strike to the airliner could cause a fire. It must also act as a flawless seal to keep out electro-magnetic interference, which could affect the electronic equipment, and to exclude water, which could cause fatal damage through corrosion.

Bearing all these factors *in mind,* the Georgia Institute of Technology in Atlanta, sponsored by the US Air Force, has identified two materials which promise to fulfil all the criteria for a good aircraft seal.

The two are silver-coated aluminium and aluminium-nickel, suspended in a urethane plastic material. Both powders have demonstrated in laboratory tests that they *are galvanic and so conduct* electricity well.

The substances are being tested on USAF aircraft.

A lift that comes when you 'call' it

AN INNOVATIVE Japanese elevator is giving a new meaning to the expression "to call a lift."

Developed by the Toshiba Corporation, the elevator system is voice controlled. So it stops when the would-be traveller summons it verbally.

Toshiba also claims that the controller, which can oversee up to eight lifts, can cut down waiting time by up to 10 per cent.

This is achieved by using a novel computer technology known as fuzzy logic. This interprets information which is imprecise, or "fuzzy", and gives as accurate a response as possible.

In the case of lifts, for example, it is extremely difficult to predict the exact journey of the car because the control mechanism often lacks advance information on the floors at which the car will stop.

Toshiba's Fuzzy Prediction and Control system instantly calculates how long intending passengers have been waiting and favours those who have been stuck there for 60 seconds or more.

CONTACTS: Econolight: UK, 0444 455103. 3M: US, 612 733 1110; UK, 0344 58365. Audi: W Germany, 8 418 90. Octocom: US: 508 658 6050; UK: 0635 528730. Georgia Tech: US, 404 894 3444. Toshiba: Japan, 3 457 4924.

From Nigerian beer to Bournvita

When Nigeria banned the import of malted barley, it prompted researchers at Cadbury Nigeria to devise a process for making malt extract from a locally grown grain, which normally goes into beer.

The malt extract, produced from sorghum, has been developed as an ingredient of Bournvita, a beverage which is more popular in Nigeria than tea and coffee combined.

Cadbury Nigeria, a subsidiary of Cadbury Schweppes, the UK confectionery and soft drinks group, is commissioning a 50m naira (£4m) factory at Ikeja, near Lagos, to make 15,000 tonnes of extract a year.

The Nigerian climate is unsuitable for growing barley of malting quality, so Teju Bogunjoko, research controller for Cadbury Nigeria, decided to use sorghum.

He enlisted help from Ahmadu Bello University, Zaria, to sort out which variety had the most suitable taste.

The next step was to have it grown in commercial quantities by four farmers in one region, chosen for its rainfall pattern.

After harvesting, the sorghum is boiled with enzymes that break down its starch into sugars. The sugar solution (known as the wort), which has to be clear, is then concentrated to obtain the sorghum extract.

Alternatively, the sorghum can be malted: soaked, aerated and allowed to germinate. This is cheaper, saving on enzymes, but has yet to be commercially developed.

The sorghum grain presents two problems. First, its starch is locked in a fine matrix with protein and fat. Second, it has little husk. In traditional brewing, the barley husk is used to filter the wort before it passes through a filtration membrane.

Sorghum could be milled to flour to break up the matrix and reveal the starch, but the flour would then blind the membrane, preventing the wort from running off.

Bogunjoko and his colleagues had to devise a milling process which would break up the sorghum sufficiently to reveal the starch, while leaving particles of the right size and shape to act as an efficient, non-blinding filtration medium.

David Spark

Expression is all on the figurative front

William Packer reviews contemporary artists' exhibitions in London

'Same,' 1989 by Kevin Sinnott at the Bernard Jacobson Gallery

Figurative painting continues to fill the galleries, as it always has. We have no need to make so much of it as the revivalist apologists do of the School of London, whose claims grow vaguer the more closely we consider them, but some generalisation does hold good.

From artists under 45 or so, such as all those considered here today, there comes comparatively little painting founded in the objective, critical scrutiny of visible world, in which all those who emerged from art school before the middle 1960s were brought up. Instead, expression is all, the subjective, romantic, indulgent response. Such an approach is perfectly legitimate, but the distinction is necessary to determine the character of the work. The image may convince us superficially, but remains even so a mere figment and shadow in the imagination. The Frans Hals exhibition, where we find objective knowledge of the world and the most fluent expression of its experience fused together in mutual dependence, could hardly come at a better time.

Kevin Sinnott is enjoying double-exposure at the moment, with his larger figure compositions and small oil studies at Bernard Jacobson, and his water-colours across the road at Anne Berthoud (14a & 10 Clifford Street W1 respectively: until February 3). He is in many ways a natural painter, lively and fresh in his handling of paint and capable in the smaller works – and in the water-colours especially – of great delicacy.

On *this smaller scale his figurative* invention works very well, convincing in its detail and often complex disposition, and often exquisite in its effect. The larger works are more problematical, ambitious and impressive in the imagery they propose, yet essentially flawed. What is proposed so often remains unrealised simply because the modelling, on so large a scale, cannot match the proposition; and wherever the nude figure is involved, the inadequacy is cruelly exposed. Some things cannot be invented. The pity is that the work is so nearly very good, needing only the quality of experience observed, absorbed and understood at first hand.

★

David Leverett, at the Redfern Gallery (20 Cork Street W1: until February 9) is in rather the same case with his huge and romantic images of landscape. His "Sacred Gardens," with names like "Fire in the Sky" and "Flights of Icarus," are in fact vertiginous views down long valleys, as one finds in the Black Mountains of Wales. They are cast on an almost John Martin-like, apocalyptic scale, painted with a fine, rich energy and, as such, hugely enjoyable. But they flatter to deceive. All the activity is on the surface and, once the initial indulgence has worn off, we discover *that what we have in essence is* abstraction of an extremely sophisticated kind, the paint worked across the surface for its own sake, on its own terms.

For in nature, colour and form are *never so consistent, never so simple.* Here the painting and the painterly invention come all too pat, for Leverett seems to be painting not what he saw on that hill-top, and what he struggled over – the drawings he shows are too stiff and uninformative for that – but what in retrospect he thought he saw, or would have liked to have seen. The epic landscape is a major test, and again the pity is that the facility of a natural painter is betrayed for lack of a humble objective curiosity.

★

John Virtue, now showing at the Lisson Gallery (67 Lisson Street NW1: until February 10 – then the Louver Gallery, New York) is another landscape painter and a romantic. Lately removed from the Lancashire Pennines to an equally remote Devonshire village, he remains true to his subject, which is the cumulative sensation of being in the landscape. And whether his particular subject is the village, the woods or the open fields, his peculiar treatment of it remains the same.

He makes innumerable studies, in ink and pencil on small prepared boards of a uniform size, taken from any number of viewpoints, which he then reduces by *selection* and combines into larger, sometimes very much larger, panels. The formal problem is to resolve each individual element in the work, with its often closely descriptive image, into a coherent whole.

Here again, only this time con*sciously, we have that counter-point* between the figurative and the abstract. In this Virtue is rewarded, or at least successful, for his intense working on the smaller scale, redolent of Palmerian tradition of romantic landscape, is absorbed at a distance into the generalised texture and rhythmical visual pulse across the surface of abstract expressionism. His mistake is to reinforce this unforced unity, give or take a little fiddling, by running dribbles and squirts of pigment across the whole work. He should trust himself, and his work, rather more than to make such gestural excuses, for he does not need them.

★

In conclusion, I offer a brief recommendation of the Mayor Gallery (22a Cork Street W1: until January 26), that once a year brings to London a selection of works from a major provincial civic gallery. This year it is the turn of York City Art Gallery to show a group of its recent acquisitions of modern British art that is as admirable in its range as in its quality. Alongside the statuary early Nicholson still-life, the Camden Town Alhambra interior by Spencer Gore and the Burra bar full of sailors, are a fine recent pot by Alison Britton and good examples of the abstract paintings of John Golding, Marc Vaux and Michael Ginsborg. And there are besides local views by Henry Rushbury, a wonderfully characteristic Betrayal of Christ in modern dress by Carel Weight, good Bomberg, Carline and Brooker, and a splendid, simple portrait of a young girl by William Roberts.

'Portrait of a young Woman,' 1920, by William Roberts, currently on show from York at the Major Gallery

Our provincial galleries are full of such treats, and the Mayor does us a service by bringing them to us.

Dance to the music of grand opera in Italy

No less a critic than Berlioz wrote with approval of the *Four Seasons ballet* music in Verdi's grand opera *I Vespri Siciliani*. When Riccardo Muti conducted the opera in Florence, the ballet divertissement had choreography by Andre Prokovsky that followed the theme of the seasons. Indeed, it seems a pity to ignore it when it is so clearly delineated in the music. However that is what Mmicha Van Hoecke has elected to do in the current Scala production.

Van Hoecke is not a classical choreographer, so stylistic infelicities do not come as a surprise. He has *restricted the large corps de* ballet almost exclusively to polkas, waltzes and other social dances more or less in keeping with Pier Luigi Pizzi's production, which is set in the late 19th century.

While in Lucien Petipa's original Paris choreography two famous Italian ballerinas enjoyed a triumph in solos of notable virtuosity, in the Scala production only the second ballerina has anything approaching fireworks, *the women being mostly only* in support.

The star of the ballet is undoubtedly Patrick Dupond. He partners Carla Fracci, takes complete possession of the stage and enjoys himself hugely in some of his favourite steps, such as *grands jetes* and a series of pirouettes sautees. Two Scala dancers, Annamaria Grossi and Michelle Villanova, were good as secondary principals, and the Spanish dancer Lola Greco brought fire to her last-act castanet-accompanied solo.

At the Teatro Comunale in Florence, there is no question of the dances taking precedence over the singing in Boito's *Mefistofele*, and not only because Samuel Ramey has an abundance of stage personality and nimbleness. Most of the time the stage is so crowded with scenery and members of the chorus that the group of dancers from the resident company Maggio Danza barely has room to shake a leg. Geoffrey Cauley's only opportunity to give them something *more interesting to do comes in act* three with the so-called classical sabbath, a very decorous but pretty affair in pastiche Greek style.Maria Grazia Nicosia and Bruno Milo perform one pas de deux with commendable neatness.

In Rome, thanks to two visiting companies at Teatro Olimpico there was a sudden spate of ballets based on operas, all of them exploiting well known scores. Both the ballet company of Teatro Nuovo in Turin and Gigi Caciuleanus Theatre National Choreographique de Rennes use recordings as background. Caciuleanus' rather puzzling version of *Il trovatore* uses the complete recording of the opera with Callas as Leonora as accompaniment to a curiously abstract work, with the dancers in practice-like clothes – with the exception of two episodes in which Ruxandra Racovitz wears the elegantly severe costume designed by Marcel Escoffier for Callas when she sang Leonora at the Paris Opera.

This does not mean that Racovitz dances the role of Leonora, for there are no specific characters, no roles listed. The choreography follows the beat of the music very closely for the most part but interprets only the mood, in an experimental style involving tests of balance, moving over an aerial net, and other hazards.

The principal aim of the double bill presented by the Teatro Nuovo, must have been to provide two contrasting roles for Luciana Savignano, with Marco Pierin a regular guest artist. She is not ideally suited physically or temperamentally to a sentimental role like Madam Butterfly. A one-acter with choreography by Paolo Bertoluzzi, who used to dance with Savignano at the Scala, the stage is dominated by Beni Montresor's scenery, while the work is, inevitably, dominated by the Callas recording of the opera which shares the musical honours with interpolations by Philip Glass.

Bertoluzzi is not much of a choreog*rapher, but he contrives*, with Savignano, to inject pathos into the final scene. Pierin appears as Pinkerton: the couple is called only he and she, and the title is *Butterfly* only.

Savignano has always tended to appear in rather solemn, sometimes portentous, roles so it was a pleasant surprise to see her as a sprightly Hanna Glawari – in a series of ravishing costumes by Eugenio Guglielmetti – in Bruno Telloli and Filippo Crivelli's jumbled but quite enjoyable ballet, *Souvenir of the Merry Widow*.

Telloli is one of the several ex-Scala dancers who have taken up choreography at too mature an age to be truly gifted, but he is not a bad artisan. The scenery is colourful and the company competent and spirited. Savignano's performance lacked variety and the work is very small beer compared with operetta.

Freda Pitt

Three Wishes

NATIONAL THEATRE, PRAGUE

Bohuslav Martinu is one of the great unrecognised theatre composers of this century. Those who know and love his music must be glad that this year's Martinu centenary promises some overdue recognition from orchestras and record companies. But the stage works remain as neglected as ever – except, of course, in his native Czechoslovakia, where a new production of *Three Wishes (Trois Souhaits)* at the Prague National Theatre is the opening salvo in what looks like being a year-long festival.

Three Wishes, or The Vicissitudes of Life, an opera-film with prologue and epilogue, was a product of Martinu's association with the cosmopolitan artistic avant-garde of Paris in the late 1920s. In his second operatic project with the Dadaist painter, writer and musician Georges Ribemont-Dessaignes, Martinu fashioned a *comic musical fantasy* that still seems strikingly original in its combination of cinema, dance, spoken dialogue, cabaret and conventional operatic expression.

The music alights on all the contemporary vogues, particularly jazz and neo-classicism; there are prominent parts for accordion, saxophone and guitar. The influence of Ravel, Roussel and Poulenc is also clear. Martinu moulded them all into a unique and restless whole, in which his own quirky *Czech personality* predominates. The traits of the mature Martinu are here in shorthand – the motor rhythms, jumpy tunes, angular textures. The composer's voice is confident and entirely at home in the theatre.

The opera takes place in a film studio, the life of which frames the main action and frequently interrupts it with realistic touches. A film is being made about a suburban couple, whose day-dreams provide an escape from marital boredom. Offered three wishes by a mysterious fairy godmother, they set off on a surreal journey that brings them everything but love, and ends with the wife running off with a younger man while the husband is beaten to death by an old witch. In the "real" world of the film studio, this witty and bizarre tale finds its tragic mirror.

As in Berg's *Lulu*, the stage instructions call for a short film interlude with live musical accompaniment. Martinu's hopes for a staging focused initially on Berlin, where Erich Kleiber appeared interested. But perhaps because of the extra demands it makes and the unusual theme, the opera had to wait until 1971, in Brno, for its first performance. The one disappointment in the new Prague production was the absence of the film sequence and the preceding orchestral passage known as *Le Depart*.However, given the recent three-week theatre strike and the state of near-paralysis currently affecting all the country's major institutions, the production was lucky to go ahead at all. The performance suggested that *Three Wishes* is an entertaining ensemble opera which would engage the talents and audiences of a company like ENO.

The staging by Zdenek Kaloc, decorated with a minimum of props and painted flats by Albert Prazak, kept the action moving as swiftly as the music and played up the 1920s milieu through Marta Roszkopfova's elegant costumes. There was scope for more imagination and sophistication in the choreography and comic interplay, but the shortcomings of the Prague ensemble are far less noticeable in this medium than in serious Romantic opera.

The leading pair were the baritone Pavel Cervinka and the soprano Ivetta Zizlavska. The best voice was the light tenor of Vojtech Filip as the young romantic Adolf. The veteran Karel Berman gave an affectionate vignette as the Minister of Finance. The piano-accompanied male quartet which closes each half of the evening was a particular delight, and the orchestra under Jan Stych mastered the diverse musical styles to the manner born.

Andrew Clark

BBC Berio Festival

BARBICAN HALL & RADIO 3

The BBC starts the year, and the decade, in magisterial form, with one of its incomparable concert festivals – intelligently planned, expertly executed – devoted to a significant figure of modern music. This time the focus is on Luciano Berio, a composer perhaps in less urgent need of such treatment than others past (since his music is regularly played in London) but still entirely worthy of it. The first and last concerts in the *four-day schedule are being* given by the BBC Symphony under Berio himself; several British first-performances add novelty to what is otherwise a broad Berio retrospective.

At Sunday night's opening offering a large audience produced vigorous enthusiasm for every item – the finale, a simply tremendous account of the Sinfonia, was greeted with the concluding roars usually reserved for readings of the big popular symphonies. Across these four days there will be plenty of opportunities to study (as well as, of course, to surrender to) the extraordinary have-it-both-ways appeal of this composer's best music: he is an accredited Great Postwar Modern, who undertakes musical topics and styles of considerable complexity and intellectual sophistication, and who at the same time woos the ear because of the sensuous sheen and "listener-friendliness" of his instrumental and vocal writing.

Two of the concertante works in the first half – *Il ritorno degli snovidenia* (1976) for cello (Rohan de Saram) and small orchestra, *Corale* (1981) for violin (Carlo Chiarappa), two horns, and strings – underlined this quality of infinitely enticing ambiguity. Each sets up a different sort of musico-dramatic process and dialectic (the first, written for *Rostropovich, is a study in nos*talgia, the second an enlargement of a pre-existent piece for solo violin) which is then strictly proposed and developed with wit, subtlety, and an ability to function on and across many levels. Each is also a brilliant virtuoso exercise in coruscating and flickering sound-patterns, which creates a sense of audience exhilaration of (one may say) a quite old-fashioned sort.

The basic "musical-ness" of Berio's invention, and his delight in glancing back across past musical styles and eras, is a theme bound to be re-examined when his music is played. One of the chief pleasures of this festival, as this concert showed, must surely be its appeal – rare feat in contemporary music! – to all the senses.

Max Loppert

Haydn Series

ELIZABETH HALL

The second set of Sir William Glock's judicious late-Haydn programmes, concentrating this time on his chamber music, is now well underway: the great string quartets of opp. 64, 74 and 76 by the Endellion and Britten Quartets, and a half-dozen piano trios from Domus, with matching pieces for solo piano and for voices. On Sunday we had Domus in *two of the trios, their pianist* Susan Tomes in one of the last sonatas (Hob.XVI.50 in C), and the mezzo Ann Murray in the grand "Arianna a Naxos" cantata. It was all not only faithful, but devotedly perceptive – and just slightly boring.

The fault was not Haydn's. If I had to finger something, it would be the incapacity of modern performers to rise to late 18th-century expectations. Miss Murray dramatised the later stages of Ariadne's *lament with all her usual pene*tration and fervour. Yet she delivered the long opening recitative and her first aria quite straight, in one sense (improvised personal decoration was sternly eschewed), and in another Romantically indulgent: languidly mellow and directionless. The later parts made sturdy amends, but it was impossible to believe that Haydn expected his up-tempo music to be combined with such shapeless stuff.

At least her accompanist Graham Johnson produced a firmer, more purposeful sound from a piano with half-closed lid than Miss Tomes ever did from the fully opened instrument. Perhaps the Domus players are too well attuned to the Wigmore Hall, or too inexperienced at the Queen Elizabeth – or perhaps too many of us have been remarking that she supplies the dominant spark for Domus.

In any case, she seemed to be underplaying all evening: discreetly backward, even semi-audible in the two trios (where the violin and cello were brave and vital, though the piano-parts are notoriously dominant), and tame in her Sonata. The *ping* for which we love her, the perfectly timed and pointful "ping" which gives a resounding stamp to her phrases, was diminished to the level of grey good taste – and at cruel cost to any live, immediate effect. Of the three glittering Finales, not one sounded fresh-minted (nor, indeed, digitally well-practised). This was surely a one-of-those-things kind of lapse; but certainly it lent too little credit to Haydn.

David Murray

ARTS GUIDE

January 12-18

OPERA AND BALLET

London

Royal Opera, Covent Garden. Final performances of *Otello*, under the superb musical direction of Carlos Kleiber and with the leading performances of Placido Domingo, Katia Ricciarelli and Justino Diaz.

English National Opera, Coliseum. *Faust*, in Ian Judge's deft, fast-moving production using the original spoken dialogue, returns with a fine cast (Valerie Masterson, Arthur Davies, and John Tomlinson) and conducted by Jacques Delacôta. Further performances of the magical production of *Hänsel and Gretel*, a triumph of intelligent modern operatic rethinking; final performances of Richard Jones's witty, deadpan, offbeat production of Prokofiev's *Love for Three Oranges*.

The Royal Ballet presents *Cinderella*; then performs *La Fille Mal Gardée* in tandem with a Russian showpiece, *Laurencia*. Covent Garden.

English National Ballet continues to present Peter Schaufuss' tiresome version of *The Nutcracker* nightly. Not recommended. Festival Hall.

Paris

Théâtre des Champs Elysées. The Russian season with Leningrad's National Opera Theatre Maly brings, in alternation, *Boris Godunov, Eugene Onegin* and *The Queen of Spades*. Théâtre de la Ville (47203637).

Amsterdam

The Netherlands Opera with a new production of Gluck's *Orphée et Eurydice* directed by Peter te Nuyl and designed by Mirjam Grote Gansey. Harmut Haenchen conducts the Netherlands Philharmonic, with Gran Wilson or Howard Haskin as Orpheus, and Alexandra Coku as Eurydice. Muziektheater (255 455).

Barcelona

Gran Teatre del Liceu. Lorenzo Mariani's new production of Puccini's *Manon Lescaut* features Mirella Freni and Peter Dvorsky, and is conducted by Silvio Varviso (318 92 77).

Brussels

Théâtre Royale de la Monnaie. The Monnaie Opera in *Cosi fan tutte* by Mozart staged by Luc Bondy and conducted by Sylvain Cambreling.

Cirque Royal. The Milan Opera in Verdi's *Il Trovatore* conducted by Lajos Vasady-Balogh.

Vienna

Staatsoper. *Dornroeschen*: Tchaikovsky's ballet choreographed by Rudolf Nureyev and conducted by Peter Keuschnig. Also *Tosca* conducted by Guadagno, *Otello* conducted by Michael Schoenwandt, *Der fliegende Holländer* conducted by Klobucar. **Volksoper.** *Eine Nacht in Venedig*, Handel's *Guistino* and *Don Giovanni*.

Milan

Teatro alla Scala. *Giselle*, with the original Coralli choreography revised by Yvette Chauviré, danced by Oriella Dorella and Lauren Thilaire and Anita Magyari and Gheorghe Iancu. (809126)

Rome

Teatro dell'Opera. Puccini's *Madame Butterfly* with Raina Kabaivanska in the title role (461755).

Parma

Teatro Regio. Well-sung but fussy production of Verdi's *Traviata*. (795678)

Berlin

Opera. *Die Zauberflöte* has fine interpretations by Kathleen Cassello, Edith Mathis, Clemens Bieber and Barry McDaniel. *Orpheus in der Unterwelt* features Mona Seefried, Julia Conwell, David Griffith and Hermann Winkler. *Tosca* stars Pilar Lorengar in the title role. *Rigoletto* in Hans Neuenfels' production has Frederick Burchinal in the title role, Gwendolyn Bradley, Ute Walter and John Sandor. Further offered *Zar und Zimmermann*.

Hamburg

Opera. *Hänsel und Gretel* is a well done repertoire performance. John Neumeier's ballet is danced to music by Gustav Mahler. *Idomeneo* will have its premiere this week.

Cologne

Opera. The successful Harry Kupfer *Lady Macbeth von Mzensk* production returns with Marilyn Schmiege, Aage Haugland, Jean Van Reeand Günter Neumann. *La Finta Giardiniera* is well sung by Michael Myers, Teresa Ringholz, John la Pierre, Janice Hall, Andrea Andonian and Darla Brooks.

Frankfurt

Opera. *Ariadne auf Naxos* has a strong cast led by Helena Doese, Kimberly Barber, Michael Sylvester, Hellen Kwon and Christopher Robertson. *Der Zigeunerbaron* returns. Futher offered *Rigoletto* and *Rusalka*.

Bonn

Opera. The wonderful Jorge Lavelli *Andrea Chenier* production returns with a first-rate cast. A benefit opera gala stars June Anderson, Bruna Baglioni, Francesco Ellero d'Artegna, Grace Bumbry, Giorgio Lamberti, Giorgio Merighi, Gabriele Benackova-Cap and Giorgio Zancanaro. *Der Nussknacker* has Youri Vamos choreography.

New York

Metropolitan Opera. Nello Santi conducts the first seasonal performance of *La Gioconda* in Bruce Donnell's production with Ghena Dimitrova in the title role. James Levine conducts *Cosi fan tutte* with Margaret Price, Tatiana Troyanos, Jerry Hadley and Thomas Hampson in Colin Graham's production. Nello Santi conducts the last performance of *Turandot*, with Gwyneth Jones in the title role. Hermann Michael conducts *Die Fledermaus* with Karen Huffstodt as Rosalinde, Brigitte Fassbaender as Prince Orlofsky and Richard Drews as Alfred. Performances continue of August Everding's new production of *Der fliegende Holländer*, conducted by James Levine with Eva Marton and James Morris. Lincoln Center Opera House. (362 6000).

New York City Ballet. The mixed repertory includes performances of *The Goldberg Variations, Les Gentilhommes* and *Prodigal Son*. New York State Theatre, Lincoln Center (870 5570)

Washington

Washington Opera. Roman Terleckyj's production of *Werther* features Mark Thomsen in the title role with Deidra Palmour as *Charlotte*, conducted by Cal Stewart Kellogg. Performances of *The Merry Wives of Windsor* continue with Kenneth Cox as Falstaff and Sheryl Woods as Mistress Ford, conducted by Fabio Mechetti in Leon Major's production. Eisenhower (467 4600).

Chicago

Lyric Opera. Julius Rudel conducts the San Diego Opera production of Ambroise Thomas's *Hamlet*, which has its premiere with Sherrill Milnes in the title role, Felicity Palmer as Gertrude and Gregory Kunde as Laertes. Barbara Daniels is Rosalinda and Neil Rosenshein sings Alfred in director Giulio Chazalettes's new production of *Die Fledermaus* conducted by Julius Rudel. Lyric Opera (332 2244).

Tokyo

Eclipse: Dance Neo-Mishima. Produced by Mishima's daughter and choreographed by Rui Takemura to commemorate his death by ritual suicide 20 years ago. Tokyo Globe Theatre.

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
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Tuesday January 16 1990

Air cartels in Europe

IF EVER a takeover cried out for firm intervention by European Community anti-trust authorities, it is the proposed acquisition by Air France of UTA, the largest privately-owned French airline. In the name of preparing for keener competition in European air transport, the state-owned Air France appears intent on hamstringing liberalisation before it even gets off the runway.

The deal is only the latest of a series of link-ups which have recently led to increased concentration of the European industry. However, it poses a particularly stern challenge to the credibility of efforts to open up the EC market, all the more so since Brussels has been slow to respond to UTA's earlier complaints that the French government was denying it European routes.

The merger would create Europe's largest carrier which, with the planned acquisition of Air Inter, would enjoy a virtual monopoly over French domestic traffic. Restructuring of the European airline industry is undoubtedly needed. But the main aim should be to stimulate efficiency, particularly by weakening the incestuous relationships between individual countries and their flag carriers, which have long been used to control national markets.

The Air France deal does not meet that test: like British Airways' acquisition of British Caledonian several years ago, it appears intended largely to entrench historic dominance. Competition is further threatened by the growth of "co-operation" agreements, such as Air France concluded last year with Lufthansa of West Germany. It is doubtful that such arrangements will bring reduced costs or improved service: more likely, they will encourage collusion between national champion carriers at the consumer's expense.

Delicate challenge

Recent US experience suggests that, if increased concentration offers any real economic benefits, carriers will exploit them fully only as long as they are under pressure to perform. Achieving those conditions in a market where capacity is limited by inadequate airport and air control facilities presents a delicate challenge. Hence, policy may have to focus more on ensuring fair competition between established carriers than on encouraging new entrants.

An airline's two most valuable commercial assets are its routes and its rights to take-off and landing "slots". If the Air France-UTA deal is to go ahead Brussels should, at the least, require the merged company to divest some of these rights, preferably to competitors from other countries. Beyond that, the EC also needs to toughen its general approach to airline deregulation.

Contest rules

Real competition and market integration will develop only if airlines are freely able to contest new routes outside their domestic markets. In principle, this has been agreed by EC ministers. But the impact of that agreement could easily be undermined before it comes into effect if airlines from different Community countries are allowed to enter into "non-aggression" pacts to safeguard their traditional business.

Efficiency could also be improved by auctioning off airport "slots", which are at present allocated free of charge. That need not increase prices, since these are presumably already set at levels which maximise airlines' revenues. But it could increase pressure on carriers' profits and give them more incentive to cut costs. Applying the pricing mechanism would also promote more rational use of capacity by encouraging airlines to take greater advantage of off-peak slots and of under-utilised airports. Furthermore, some of the revenue raised by the auctions could be earmarked for the much-needed modernisation of Europe's air traffic control systems.

Rigorous regulation would be needed to ensure fairness and transparency and to prevent the build-up of dominant positions, particularly at "hub" airports. As the US example has shown, there are limits to the role of pure market forces in an industry where supply is rigidly constrained. But trying to make the market work more effectively is better than mega-mergers designed exclusively to serve the vested interests of producers.

Safeguards for civil justice

THE DEBATE about the Thatcher Government's legal reform proposals has been dominated up to now by the conflicting claims of the two branches of the legal profession. Members of the House of Lords, where the Courts and Legal Services Bill starts its committee stage today, should put sectional interests to one side and concentrate instead on the interests of consumers, by clarifying many of the unresolved and ambiguous areas of the Bill.

Almost inevitably, when it comes to discussion on the second part of the Bill which deals with reform of the structure and working practices of the profession, debates will be dominated by the vexed question of rights of audience in the higher courts. The Government, while rightly sticking firm to its intention to sweep away any remaining fetters on free competition within the profession, must guard against allowing the bill's progress to become bogged down by this and similar issues.

For the public, in whose name this great change is being wrought, the interests of the profession are of less immediate concern than those parts of the Bill dealing with the streamlining of the civil courts system. It is here, unless Parliament is vigilant, that the Bill could usher in, not the improvement in access to justice for all that it promises, but a period of unprecedented uncertainty and chaos in the civil court system.

Work redistribution

Part I of the Bill provides for a redistribution of business between the High Court and the county courts. This redistribution, the Bill states optimistically, will "produce a speedier and more cost-effective system for dealing with first instance cases." Few dispute the objective, but many have doubts about its attainability.

The county courts are already under strain and cannot support an increase in workload without significant changes in their finances and administration. Low morale and high turnover of court staff are leading to increasing delays. Lord Mackay's response is to inject an extra £2m into the courts service this year, carry out a study to ascertain why staff are leaving, ask for an extra 400 staff next year and pray that the computerisation of county court summonses will release staff for other duties. There is also a recognised problem with the quality of the judiciary in the county courts which must be tackled.

More resources

The most obvious solution is to pour more resources into the courts service. According to the unions, the high turnover of staff is due to low pay and lack of job satisfaction. Further resources are also needed to train county court judges to a higher standard and to pay them more so as to attract more able candidates. The Bill envisages that the cost of judges' salaries, extra staff and extra legal aid payments to cope with the increased workload will be contained within a maximum of £3m in the first year, £4.5m in the second and £5m in the third. This is optimistic if not misleading. Inevitably, however, there must be a limit to the extent of Government funding for the courts. Extra financing must therefore come from another source.

The system may already provide a solution. County courts show a substantial profit. Court fees exceeded running costs by £6m last year. The excess money is paid to the Government. If a separate executive agency was established to run the courts service that money could be ploughed back to meet increased running costs. Court users would arguably be prepared to pay higher fees for a better service. The Law Society has proposed an amendment to the Bill along these lines which deserves support. The Lord Chancellor would be expected to set staffing numbers to meet agreed standards of service and court fees would be set at a level needed to meet the extra costs. It would cost the taxpayer nothing. It is these issues that Parliament must concentrate on if the Government is to deliver its twin objectives of opening up new ways of providing legal services and improving access to civil justice.

James Buchan reports on Du Pont's plans for staying competitive by revising its approach to business

A chemical change in attitude

Fifty years ago this autumn, nylon stockings went on sale in Wilmington, Delaware, the company town of the E.I. du Pont de Nemours corporation. The stockings were more expensive than silk. Only Wilmington residents could buy them and they were rationed to three pairs each.

A year later, nylon had paid off most of its $4.5m research cost. A year after that, production was diverted to war uses but the fibre had already displaced silk from 30 per cent of the US stocking market and was returning 30 per cent on Du Pont's invested capital. When nylon stockings went back on sale at the Sultana Hosiery Company on New York's Lower East Side after the war, 20 patrolmen were deployed to protect the store.

Nylon vindicated Du Pont's approach to business: to discover something in a laboratory, teach manufacturers how to make a useful product out of it and then point them towards a valuable market. Du Pont shunned unprofitable commodity businesses and avoided the expense of dealing directly with the public. The company made its money by using an abstruse science to transform basic materials into proprietary products.

But things have never been so good for Du Pont again. Company chemists kept on devising products, such as Orlon acrylic, a group of spun-bonded fibres, Lycra spandex, Corfam artificial leather, Qiana artificial silk, a sprinkling of agricultural chemicals, the aramid fibre Kevlar. All cost more than nylon to develop, went into more fragmented or competitive markets than women's hosiery or simply bombed. After 50 years of searching, Du Pont has failed to find another nylon.

America's oldest big corporation is at a crossroads. As it enters the 1990s, Du Pont faces greater uncertainty about its long-term prosperity than at any time since the break up of its explosives monopoly before the First World War. Du Pont saved itself back then by buying into dyestuffs, paint and rayon and by launching the programme of fundamental research that produced nylon. But today's Du Pont has little to show for its recent diversifications into supposed growth businesses such as pharmaceuticals, electronics and advanced materials.

Du Pont has grown tenfold since the first nylons were sold, to $32.9bn in sales last year and 141,000 employees. It is profitable, reporting net income last year of $2.19bn. But the company still earns more than half its money from nylon and fibres, which are old and mature businesses, and from a volatile oil and gas company, Conoco, which is controversial in Du Pont and on Wall Street.

Beyond Wilmington and its laboratories and country estates is a world more hostile than any Du Pont has known since the anti-trust campaigns of the 1910s and 1940s. Products Du Pont commercialised, such as tetraethyl lead and Freon chlorofluorocarbons, have turned out to be more perilous than company chemists suspected. Du Pont's mid-century slogan – Better things for better living through chemistry – sounds hucksterish to a public that is badly rattled about waste and pollution.

To take the company into the 1990s, Du Pont last April appointed a former engineer named Edgar Woolard as Chairman. A small-town Southerner, Mr Woolard carries high expectations from senior managers and Wall Street and, as far as can be seen, Du Pont's main stockholders, the Bronfman family of Montreal.

Mr Woolard's predecessors in the 1980s, Edward Jefferson and Richard Heckert, were older men who put in relatively short stints at the top. At 55, Mr Woolard may serve 10 years as chairman and probably another five at the head of the company's powerful Finance Committee, which must approve all big capital projects. A senior Du Pont executive said: "Ed really has a unique opportunity to remake this corporation."

Du Pont is a consensus-minded company with a strong sense of its illustrious past. Mr Woolard has been 32 years with Du Pont, and has served on the company's Executive Committee since 1983. Du Pont is a well-managed company by any standards and may be one of the best run in America. What emerges from conversations with Mr Woolard and other senior Du Pont officials is not a radical new strategy, but a change in attitude.

To paraphrase these people: the nylon Du Pont – self-absorbed, authoritarian, presumptuous – has enough momentum to go on for years. It can grow simply by expanding its basic chemicals and fibres businesses into overseas markets, above all in the Far East. It has some businesses, such as titanium dioxide pigments, which require so much capital and science as to deter even the boldest competitors. Its farm chemicals operation is in fine condition.

But Du Pont's future will be marked by more new product fiascos or Pyrrhic marketing victories such as Kevlar, research productivity will decline, once specialised markets will mature and fall prey to competition, political problems may get worse. To revive the company, Du Pont people must lose their introspection and look outside for ideas: to customers, above all, but also to the other divisions.

America's oldest big corporation enters the 1990s facing uncertainty about its long-term prosperity

Mr Woolard is loath to criticise the past: "We were not focused enough on the external world and we had too many people. If that's bureaucratic, then that's what we were." But James Kearns, the head of the Fibers Department, is blunter: "We were a culture of very damn poor listeners." And Jerry McCleskey, head of planning at the Chemicals and Pigments Department and an ex-Conoco man, says: "This place was like the Cabots and the Lowells when I arrived. Nobody spoke to anybody else. And it was unbelievably arrogant with customers: the attitude was that you had to buy from us, because we're Du Pont."

Not surprisingly, it is the $6bn Fibres Department that seems most committed to change. The place seems haunted by the Kevlar experience. Du Pont worked out the basic chemistry for this remarkable fibre, which is five times stronger than steel, in 1964. The company had an idea that Kevlar fibre might displace nylon and steel in the tyre-cord market. It did not.

Kevlar is making money for Du Pont in a myriad of uses from bullet-proof jackets to aircraft parts, but it took 25 years, about $700m in investment and a company-wide effort to get there. Du Pont people seem torn between pride at making a success of the thing and a rueful certainty that they will never repeat the episode. Du Pont must have a better notion of what the markets want.

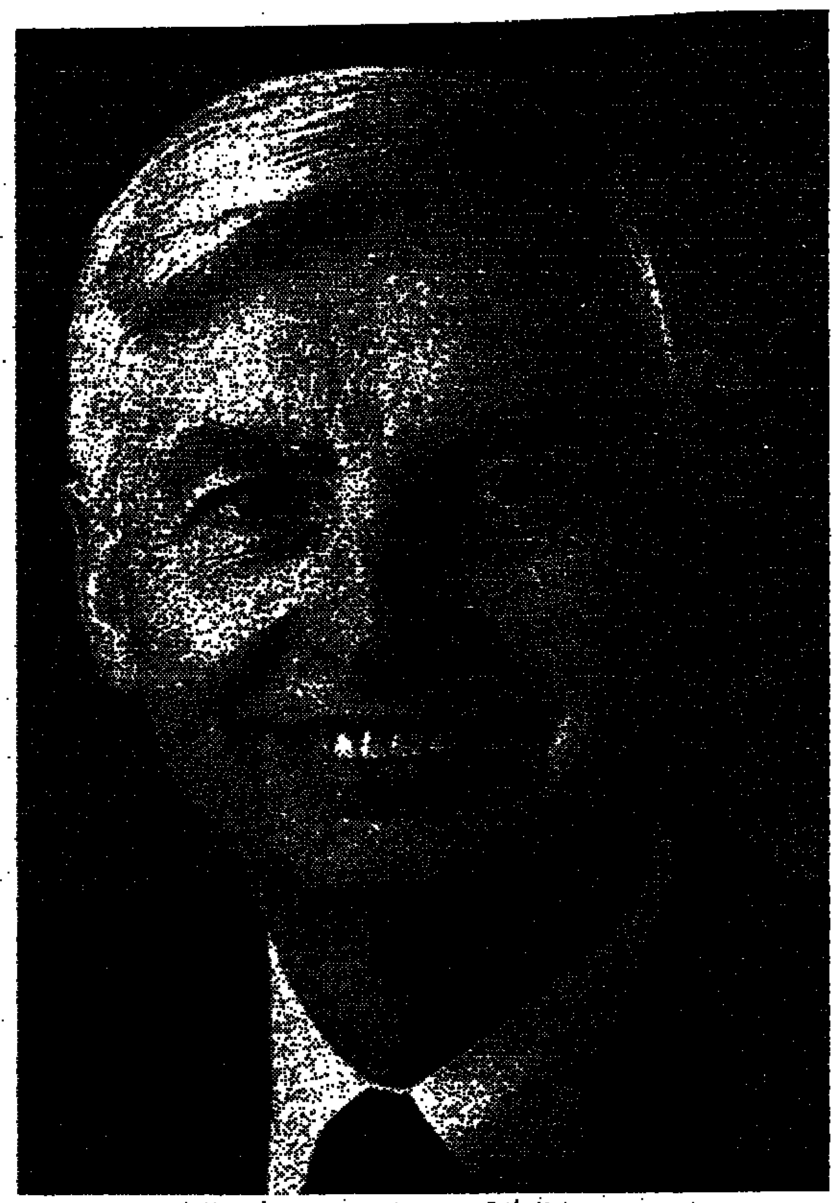
In advanced composite materials, which Mr Kearns believes will be a $1bn business in 10 years, physicists and chemists are working on Kevlar-like fibers, ceramics and plastics that will probably have only the most specialised uses in aerospace, orthopedics or sports equipment. Says Michael Bowman, director of the Composites Division: "In the old days, we would discover something and then try and find zillions of applications for it. Now we have to do it the other way round: we go to the owner of a problem and then tailor a solution in materials, design and specification."

Even with nylon, Mr Kearns has worked wonders with a new emphasis on marketing. In the mid-1980s, he persuaded the Executive Committee to allow the department to advertise directly to the public. The result was a successful carpet fibre called Du Pont Stainmaster.

Mr Woolard says: "For the first time, we actually went to the marketplace and found out what the customer most wanted in a carpet, which was ease in cleaning." With Stainmaster, Du Pont ran the risk of having the public think it makes carpets. Manufacturing customers grumbled: it is a Du Pont rule not to compete with its customers. But the risk paid off. Stainmaster was introduced at the end of 1986, caught the public's imagination and increased the market by 10 per cent. The rising tide lifted all ships, including carpet weavers.

"We are not going to be another Procter & Gamble," says Mr Woolard. But the Stainmaster story has helped convince many people that Du Pont must occasionally intervene in consumer markets. Meanwhile, since the mid-1980s, some Du Pont businesses have been organised as much around markets as around technologies. The purpose is to present a coherent face to a particular industry – Automotive Products to Detroit, Imaging Systems to the printing industry. This in turn should force the Du Pont departments to talk to one another and foster the transfer of technology.

Mr Woolard's most striking move so far has been to seek outside help for Du Pont's drug business. With its thirst for research and capital, pharmaceuticals has always been seen as a Du Pont natural. But after 30 years of trying to crash the industry, Du Pont actually lost money (some $14m) from its $1.3bn Medical Products Department last year.



Edgar Woolard, Chairman: environment is 'the crucial issue of the 1990s'

It was a typical Du Pont mixture of pride and audacity. Originally, the company thought it owned a store of organic compounds that that only needed screening to unleash a cascade of life-saving drugs. At the turn of the 1980s, the company recognised it had to spend more money on research and some promising therapies (above all, for heart illness) are now in the pipeline. But the company became distracted by a wild and expensive goose-chase into Aids research.

Mark Suwyn, manager of Imaging Systems and Medical Products, defends the 1986 decision to bet heavily on the Aids drug Ampligen, which it was forced to scrap last year. "We're a $34bn company and if we can't jump in with both feet for such a tremendous challenge, then nobody can," he says. Wall Street is unimpressed. Analysts have openly called for Du Pont to sell out of drugs.

Mr Woolard said he considered selling the business, but it was the worst of several options, worse even than going it alone. Instead, at the end of September he announced an agreement with Merck, the world's largest drug company, to develop and market the Du Pont drugs jointly. As its side of the bargain, Merck is handing over to Du Pont two established drugs, which will provide revenues of about $150m next year to fund Du Pont's in-house research.

Most important, Wall Street sees the Merck deal as a possible model for the future of the energy business. Mr Jefferson bought the Conoco oil and gas company for $8bn in 1981, at a time when Du Pont people were anxious about future supplies of feedstocks for the chemicals and fibres business. With hindsight, the move looks uncharacteristically defeatist. Wall Street would like to see a joint venture of Conoco, at the least.

Mr Woolard is also driving Du Pont managers to think more imaginatively about the environment, which he calls "the crucial issue of the 1990s." Du Pont people remain defensive on the subject. The company has just announced a joint venture with Waste Management, the Chicago rubbish-collection company, to recycle plastics because it is "essential to the long-term health of the plastics business," says Nicholas Pappas, who heads the Polymer Products Department. "If we don't step up to the waste problem, we'll be faced with legislation that will stunt the growth of the plastics business."

But at the same time, Mr Pappas and other managers are talking with some excitement of new environmental opportunities: in recovering and reusing waste from customers, in farm chemicals where Du Pont leads the market and has developed relatively "benign" fungicides and herbicides and in chlorofluorocarbons.

Last year's Executive Committee decision to phase out production of CFCs, which are used in refrigeration, packaging and cleaning, was typical of the modern Du Pont. The announcement won the company friends, even among professional environmentalists. It also galvanised the billion-dollar effort within the company to find less harmful substitutes.

Du Pont is convinced that it has the science to find replacements and it can protect or even extend its powerful market position. As one senior Du Pont manager put it: "Ed is pushing us on alternatives because of his social conscience. But we're doing it anyway for monetary reasons."

OBSERVER

New role for Mastermind

■ Malcolm Rifkind, the Scottish Secretary, pulled off a coup yesterday when he appointed Magnus Magnusson as chairman of the new natural heritage agency which is being formed in Scotland after the Nature Conservancy Council is broken up into separate parts for England, Scotland and Wales.

The main reason for splitting the NCC, the Government's conservation adviser, is that conservation is becoming unworkable in Scotland because of resentment at the insensitive behaviour of the Peterborough-based NCC. The split is part of Chris Patten's Green Bill which had its second reading in the House of Commons yesterday.

But many conservationists, especially in the south of England, disapprove of the change. One of the most angry protestors is the Royal Society for the Protection of Birds.

The neatness of the choice of Magnusson is that he is president of the RSPB. Although of Icelandic nationality he was brought up in Scotland, is a serious historian and archaeologist, and a good communicator, famous for his Mastermind quiz programme. He was recently given an honorary knighthood.

Magnusson says he approved from the start of splitting the NCC because of Scotland's special needs. "I told the RSPB but they just patted my head and said there, there," he says. Nevertheless, the RSPB will continue to oppose the split.

False stroke

■ The Danes, as we all know, are proud of their bacon. So when investigators found that pork being sold in the US under a "Danish" label was in fact from other countries, the fat hit the fire.

Danish pork commands a premium price in the US. Danish police have so far sniffed out an elaborate forgery and trading network, said to involve pigs from various countries including Hungary, possibly packaged in Ireland and sold on to the US under the Danish label.

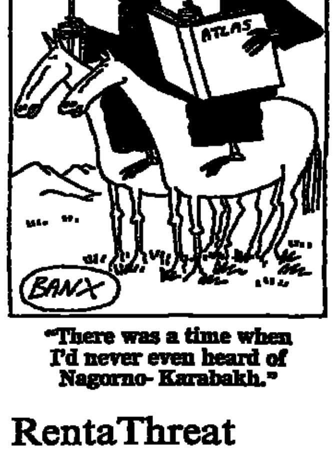
Forged Danish export papers, seals and stamps were all convincing. But the Danes became suspicious when they saw the Danish letter "O" with the diagonal line running through it. The giveaway was that the line was pointing in the wrong direction.

Stinging

■ New honours are being heaped upon the senior executives at Salomon Brothers, the chief of them going to John H Gutfreund, who is appropriately the chief executive. According to Fortune Magazine, a species of female wasp recently discovered in the mountains of Costa Rica has been named after him as *eruga gutfreundi*.

This is the reward for the investment bank's role in a deal between Costa Rica and Sweden. The Swedes wrote off over $20m in debt in return for the Costa Ricans setting aside thousands of acres of land for a national park where the wasps were discovered. There were 12 species altogether and Salomon executives have been honoured accordingly.

But there may be a sting in the tail. The female *gutfreundi* is not all that friendly. When it's time to reproduce, Fortune reports, she looks for a money spider, a variety that many people believe will enrich them on contact provided they don't hurt it. The *gutfreundi* stings and paralyzes the insect, and then lays her egg on its back. The hatched larva feeds off its host's blood for about six months before devouring the spider.



"There was a time when I'd never even heard of Nagorno- Karabakh."

RentaThreat

■ There is a new word in defence circles to tease those who believe that there should be no cuts in defence expenditure and no changes in defence policy almost regardless of whatever happens in the world. It is RentaThreat, clearly borrowed from the RentaCrowd of Peter Simple in the Daily Telegraph.

Recent examples of RentaThreat are the Frenchman who argued that defence spending must be kept up because North Africa will have a population of 100 million by the end of this century, and a British Minister who says there is nothing to stop a mad Russian general threatening Britain with nuclear weapons if Moldavia tries to secede from the Soviet Union.

Plain English

■ The news room of the New York Times has the excellent habit of issuing a bulletin from time to time, gently reminding the paper's journalists that their stories and headlines are not always perfect.

Here are some recent examples it gives of Times headlines. "McEnroe Whines, Baits, Stalks and Wins." "For Kremlin, Afghanistan Is No Europe." "Can Poland's Steel Dinosaur Evolve?" And: "There's Gold in Brazil! (Also Many Gunfights and Airplane Crashes.)"

The latest bulletin also has a mild warning. Never use names like Marx, Engels and Lenin without saying who those gentlemen were. And if it's not worth doing that, delete them.

Holme at home

■ The word from Czechoslovakia is that the country's new electoral system may include proportional representation. That will be a mistake because it will lead to a multiplicity of parties. But it is quite likely to happen, since it was announced yesterday that President Havel will be advised by Richard Holme. A former President of the Liberal Party, now of the SLD, Holme is one of the longest-standing campaigners for PR in Britain.

Literally

■ David Mitchell, the managing director of the international side of Nicklin Advertising, is very proud of the fact that his company is opening a new office in Eindhoven today. So much so that he promised to take a girl friend to a really first class restaurant in Holland. Then he asked a Dutchman how to find one. "That's easy," said the Dutchman. "Just ask a taxi-driver."

Mitchell arrived at Schiphol Airport, picked up a taxi and gave the instruction. When he expressed his surprise at being taken to the central railway station, the driver pointed to the station buffet and a sign saying "First Class Restaurant".

FOREIGN AFFAIRS

When Spring comes again

Edward Mortimer returns to Prague to find renewed life in a city reasserting itself as a centre of European civilisation

What a joy to come back to Prague. Or rather, what joy that Prague is restored to us as what it was surely always meant to be: one of the centres of European civilisation.

I had only been here once before, in October 1968, less than two months after the Soviet invasion: a time of great sadness, which the Czechs were still free to express. Dubcek was still nominally in power, having signed under duress a protocol which legitimised the Soviet presence. The process of "normalisation," by which every trace of the Prague Spring was to be ruthlessly expunged from Czechoslovakia's public life, had only just begun. Even the policewoman who stamped our passports did not hide her tears. "I wish you could have come to our country at a happier time," she said.

It has taken 21 years, but her wish has come true. This is indeed a happier time. The atmosphere of freedom is quite palpable. One of the signs of it, paradoxically, is something which in many countries (especially in the Third World) would mean the opposite: a portrait of the President in every shop-window.

Those pictures are not there for self-protection against the depredations of some "people's militia" enforcing loyalty to the new regime. They are relics of what must have been one of the most unorthodox election campaigns in history, in which a whole society suddenly found its voice to insist on the replacement of President Husak, the architect of "normalisation", by a playwright whom the regime had turned into a jailbird.

They succeeded in imposing this on a parliament hand-picked by the communist regime, without striking a blow, let alone firing a shot: simply by making their unanimity unmistakeable. This unusual event, contrasting so markedly with the bloodshed in Romania, has been dubbed the "velvet revolution."

Many Czechs, and some Westerners who had been active in supporting the dissident movement before November, are still astonished at the speed and ease with which the communist regime crumbled. It seemed monolithic, well organised and determined to resist the tide of change, while the ordinary people, whose standard of living compared favourably with that in other communist countries, seemed apathetic and unwilling to risk any gesture of revolt.

But I must say I am not surprised, perhaps just because I have been less closely in touch with Czechoslovakia in recent years. Whatever I was told, I could never believe that the post-68 regime would survive long once it was clear that Gorbachev really meant what he said about dropping the Brezhnev Doctrine. The people in power in Prague too blatantly owed their position to the Soviet intervention. Those who supported them could only have done so out of fear or opportunism, not conviction.

If anything requires explanation, it is that the Czechs waited so long to throw off the yoke. Presumably it took the Soviet failure to intervene in East Germany to convince them that this time the risk really could be safely discounted. What is clear is that there was no scope here for a gradual process such as occurred in Hungary or Poland. Once people realised that the regime was more afraid of them than they of it, they would be satisfied with nothing less than a complete and immediate change.

The other surprise is to find that, in spite of the very thorough purge of actual and even potential reformers after 1968, when half a million people either left the Party or were expelled, there is still, or rather is again, a significant group of would-be reformers within the Communist Party. For the most part these are people who joined since the early 1970s, yet not all should be seen as pure opportunists, according to Professor Jiri Hajek, who was foreign minister in 1968, and who last week was restored after 20 years' absence to his position in the Institute of State and Law.

He cites the example of a young researcher in that institute whose academic interest was in international law. There had been no way he could pursue that interest except as a member of the party. He was now a member of the "Democratic Forum" group of reformers within the party, but had come to see Prof Hajek to inform him that he and most of his colleagues had decided to leave the party: they would like to join forces with the veterans of the Prague Spring (many of them grouped in a movement called Obrada) and with the revived Social Democrat party.

Some reformers such as Valtr Komarek the leading economist and Vladimir Dlouhy the planning minister have already left the Party, along with thousands of rank-and-file members who have simply ceased activity. This has no doubt weakened the reformers since the Party Congress in December, when they claimed to have half the membership behind them. But some of the older reformers are determined to carry the fight for reform to another congress before the elections (which are now virtually certain to be held on June 8).

At this congress they hope to raise the issue of the legitimacy of the post-68 purges, and to try to rehabilitate the Congress held clandestinely in August 1968 under the noses of the Soviet tanks, which was subsequently declared null and void. Above all, they wish to halt what they see as a slide into "populism," reminiscent of the French Communist Party, in other words a demagogic, permanently oppositional role, appealing only to the worst-off groups in society.

One thing they are not proposing, at any rate before the elections, is for the party to change its name. Czechoslovakia will thus be one of the very few countries in Europe, east or west, in which a communist party will in 1990 be asking people to vote for it under that name. In Hungary, Poland and East Germany the communists have styled themselves "united workers" or "united socialists" since the forced mergers that occurred after the war, and are now changing their names again. But this never happened in Czechoslovakia, where the Communist Party under its own colours won 38 per cent of the vote in 1946.

That would be very unlikely to happen in 1990, even if the party were to re-elect Alexander Dubcek as its leader. In 1968 there was genuine enthusiasm for the slogan "socialism with a human face," and Dubcek-style communism was in any case the most that Czechoslovakia seemed likely to get away with. Now, with fully free elections, and after 40 years experience of Stalinism and Brezhnevism, it seems unlikely that more than 20 per cent at most of Czechs and Slovaks will be willing to vote for communism in any form.

Many believe the same would be true of "socialism." Vaclav Havel himself wrote, when he was still a dissident, that "in my country, for ages now, the word socialism has been no more than an incantation that should be avoided if one does not wish to appear suspect." And Professor Roger Scruton, the right-wing British philosopher who has won a certain following in Czechoslovakia through his support for dissident academic and political activity, went so far as to ridicule the slogan "socialism with a human face" before a Czech audience at the weekend, "as though a monster with a human face were any better than one without."

Yet in an opinion poll taken in early December, 41 per cent said they favoured solving the country's problems in a socialist way and only 3 per cent in a capitalist way, while 52 per cent plumped for something "in between." Obviously such findings need to be treated with caution. People may still have felt it was safer to identify themselves with socialism, and decidedly risky to embrace capitalism expressis verbis.

But the other striking thing is how many intellectuals and political figures seem to think it worth trying to champion some form of democratic socialism or social democracy, evidently believing that that is what a significant fraction of the electorate, if not a majority, will want.

Prof Scruton was speaking at a conference on "the future of the right in central and eastern Europe," at which it became clear that for the moment the Czech right is no less confused and fragmented than the left. (This may be less true of Slovakia, where a Christian Democrat party led by Dr Jan Carnogorski, now deputy prime minister, is able to draw on the strong Catholic tradition.) There are the usual differences between crusading free-market liberals and traditional conservatives, with the added difficulty that the conservatives are not sure which tradition to identify with; the Habsburg Catholic one, or the liberal Czech nationalist one.

In time a classic contest between left and right will no doubt develop. But luckily it doesn't have to do so just yet. For the moment it is TINA ("there is no alternative") time in economic policy and national unity time in electoral politics. Self-proclaimed socialists agree that the country has to be swung round from the Soviet to the West European market, and this is bound to involve hardship as resources are switched from consumption to investment and prices are allowed to rise faster than wages.

Right and left alike are preparing to scramble for places on the regional electoral lists to be sponsored by Civic Forum. In the jovial chaos of the CF's offices (formerly those of the Czechoslovak-Soviet Friendship Society) determined anti-socialists rub shoulders with Mr Petr Uhl, a prominent ex-dissident who still describes himself as a "revolutionary Marxist."

No-one doubts CF's capacity to sweep the board, Solidarity-style, if single-member constituencies were used, and for that very reason it is proposing a proportional system, to safeguard pluralism.

But the real pluralism will be within the CF lists, and the more serious political struggles are likely to come after the election.

LOMBARD

The economics of altruism

By Michael Prowse

THE PROCESS of giving, asserts Dr Barry Bracewell-Milnes in a recent pamphlet* for the Institute for Economic Affairs, "at least doubles the value of the gift." This is a rather startling claim. Suppose, out of the goodness of my heart, I give you a crisp £5 note. You are £5 better off; I am £5 worse off. Wealth has been *redistributed*, but surely not created. After all, there is still only one £5 note.

Dr Bracewell-Milnes says this accurately describes what happens when money is redistributed through the tax system. In effect, assets are seized and allocated to other individuals. But *voluntary* giving, he claims, is something else. If I am rational, I will donate a gift only if its value to me in the hands of the recipient exceeds its value to me in my own hands. In other words, I will give you £5 only if the monetary value of the psychic satisfaction I derive exceeds £5.

After my act of giving, you possess a physical asset worth £5. I possess psychic satisfaction or "utility" worth more than £5. Hence wealth has been more than doubled. This form of wealth creation, moreover, is both environmentally clean and virtually costless. It is also, the author claims, of considerable economic significance. The annual sum passing by gift and bequest is of the order of £50bn; the wealth created by these transfers therefore exceeds £50bn, possibly by a large margin.

Tax relief for charitable giving is usually justified either on the grounds that charities perform socially useful functions or that they supply services which would otherwise have to be provided by the public sector at taxpayers' expense. The wealth-creating potential of giving, suggests Dr Bracewell-Milnes, provides a further powerful justification for tax relief. Governments have long accepted the maximisation of incomes (or living standards) as a goal of public policy: why not also encourage personal wealth creation through giving? In fact, he goes further and argues that if tax rates are low, tax relief should be allowed at a rate in excess of an individual's marginal tax rate.

There is an ingenious reason for this: the extra relief can turn virtuous thoughts into actual deeds. If I do not give £5 to Save the Children it is because the value of the £5 in my hands is greater than its value to me in the hands of the charity. But if I am well disposed to Save the Children, the difference might quite small. The value to me of £5 in their hands might be, say, £4.90. If tax relief in excess of my marginal rate reduced the cost to me of the gift below £4.90, ineffective altruism would become effective and I would make the donation. Benign thoughts would be translated into positive action: and a little tax relief would have triggered the creation of a much larger amount of psychic wealth.

At this stage, readers may be wondering whether Dr Bracewell-Milnes is either demented or perpetrating an elaborate hoax. He admits that the wealth created by giving exists only in the minds of givers. How can he expect us to pay attention to anything so nebulous? But wait a moment. The only reason we consume or possess anything is because it "makes us feel good". In the last analysis, the utility we derive from consumption or ownership is every bit as cerebral as that from giving.

The problem lies not in the intangibility of the wealth created by giving, but in whether giving actually makes us feel good. The author assumes that all human actions can be explained within the utility-maximising framework of market economics. He assumes that I donote £5 only if this use of my money makes me happier than any alternative use. But this is surely rarely the case. We often give out of a sense of duty, not because this is how we *want* to spend our money: charities appeal to an aspect of our personalities that is irrelevant to the workings of a market economy. This is sad because it means there is less wealth in the world than Dr Bracewell-Milnes suspects, but encouraging because it implies we care about more than merely our own happiness.

**The Wealth of Giving. 2 Lord North Street. London SW1.*

LETTERS

Effective transfers to eastern Europe

From Professor Richard Portes.

Sir, Peter Norman reports (January 11) that western officials meeting in Paris yesterday and today to discuss the European Development Bank for eastern Europe "want to avoid the mistakes of the 1970s." Indeed, they should.

Mrs Thatcher's caution, in particular, is quite right. In 1977 in an article in the journal Foreign Affairs I recommended cutbacks in lending to centrally planned economies – to no effect. There ensued the Polish debt crisis and Hungarian and Romanian over-indebtedness as acute forms of the general 1980s debt problem.

There were two errors then: misunderstanding of the macroeconomics of these economies and their microeconomic distortions and irrationalities; and the same overlending that went to the least developed countries. As the eastern European countries progress towards market economies, the danger of repeating the first error recedes.

But the second error has left its legacy: Hungary and Poland still have grossly excessive debt burdens. They are Brady plan candidates where debt reduction, rather than debt increases, is required. Though there is a place for currency stabilisation loans and short-run balance of payments support, transfers from abroad should primarily take the form of grants and direct investment. The European Development Bank should certainly not provide new money that would simply cover net transfers to western banks in debt service.

The more resources we can transfer effectively, the better we shall promote democratic development. But Hungary, Poland and the others must still implement substantial reforms in order to absorb large foreign equity participation. The new institution can be a great help in the transition from socialism, as long as the lessons of the past are kept in mind.

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Trade negotiations

From Mr Eric Deakins.

Sir, Peter Montagnon's article ("Gatt prepares to see fair play," January 8) on the connection between the Gatt Uruguay Round and the 1992 Single Market was timely because the serious bargaining between the major participants is just about to begin in Geneva. If the negotiations succeed, then the international climate for 1992 is set fair; if they fail on any major issue, then the prospects for avoiding a revival of protectionism in world trade are greatly reduced.

The biggest stumbling block in Geneva is agriculture, with the US and European Community poles apart in their views. The US proposal to phase out within 10 years all agricultural subsidies and protection which affect international trade may be over-optimistic, but at least it points in the right direction. The EC's negotiating response has been to ignore the international trade implications of the Common Agricultural Policy and to claim that CAP support costs have been reduced. Strangely, the main argument for the 1992 process – benefit to consumers – is not used in the case of food, yet there is a clear consumer interest in securing better freedom of choice by the ending of import levies, import quotas and export subsidies.

The Cairns Group (which incudes New Zealand, Australia and Canada) is trying to achieve a compromise in the agricultural negotiations, but the EC has shown no sign of willingness to do so. Indeed, its actions reinforce the obduracy seen in Geneva. Here are two examples. The import levy for wheat is more than double the real gap between EC and world prices. However, since there has been a small levy reduction in the past five years, the EC claims the right to levy new taxes on imports of oilseeds and cereal substitutes. Spending on export refunds in 1989, when world prices rose substantially, was little reduced from that in 1988.

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Leading sectors help to fix wage settlement norms

From Mr Paul Ryan.

Sir, We must not accept the government's assertion that it is right for Ford management and unions to settle wage increases at more than 10 per cent as long as productivity growth in the company is at least as high. Certainly it is desirable for a large settlement to be covered by productivity growth if increases in unit labour costs and car prices are to be avoided in the car industry. But that is cold comfort for both international competitiveness and price inflation.

Presumably, the productivity of car workers in West Germany and Japan is increasing at no lower a rate than in Britain. However, as their unions are settling for lower pay increases, unit labour costs and prices can fall in those countries, to the detriment of the UK's competitive standing. It is dangerous to allow your going rate of pay increase to be set equal to the rate of productivity growth in the technically "leading" sector when trading rivals do otherwise.

Domestic inflation is fuelled by the knock-on effect on settlements in other sectors where the technical potential for productivity growth is lower. Employees in those sectors seek to match the going rate in the leading sector, leading to increases in unit labour costs and prices elsewhere in the economy. Government may be able to restrain catch-up bargaining in the medium term, as has been the case to some extent in the public sector in recent years. But the consequent increase in pay inequalities provokes social discontent and industrial unrest, as seen in the succession of public sector disputes in recent years.

Even if pay increases in other sectors could be held indefinitely at lower levels, the result would be a labour market nightmare, in which employees similar in ability, skill and effort would receive increasingly differentiated pay, depending on which sector they happen to work in. That is the antithesis of market forces, not its affirmation.

The policy of letting the strong through, ostensibly on productivity criteria, and holding the weak back is reminiscent of the 1970s. It was bad economics then and it is bad economics now. New institutions for pay determination are urgently needed in order for settlements to reflect national considerations more than domestic ones.

Paul Ryan
King's College, Cambridge

Job training: a leaf from the US and German book

From Mr Alfred Bloomfield.

Sir, The review by Michael Prowse of Professor Sig Prais and his team's research into job training ("Britain at work: a tale of sloppiness, incompetence and concrete kitchens," January 11) confirms what almost every supervisor through to managing executive has known for the last 40 years – namely, that they have been faced with the bleak alternative of employing people who have never been previously trained to any exacting standard or of having insufficient staff on the workforce in factories, services or shops.

In West Germany the traditional attitude towards *Grundlichkeit* (thoroughness) has always been understood and accepted by people, and young people have always accepted that they must be of a standard to be given a job in the first place. If they want to get on, they aim to improve themselves. In the US the attitude of employers is different. If an employee doesn't come up to requirements, he is fired promptly, whatever his status.

In the UK the overall attitude is pure complacence. There have been lots of vacancies most years and companies have groaned and complained about the lack of skills of their entrants. All the money and good training schemes will come to nought unless parents, teachers and companies take steps to generate a real-life attitude to this sorry state of affairs.

The Germans insist on satisfaction; the Americans demand it. It is only two years until 1992. Everyone had better get their skates on.

Alfred Bloomfield,
44 South Molton Street, W1

FINANCIAL TIMES
Tuesday January 16 1990

Good Sino-British links 'key to HK future'

By Robert Mauthner and John Elliott in Hong Kong

HONG KONG'S future could be assured only as the result of a good relationship between Britain and China, Mr Douglas Hurd, the UK's Foreign Secretary, made plain yesterday.

He said Britain's relations with China were going through a difficult period but stressed that the British Government wanted to rebuild those relations.

However, Mr Hurd's statement, made at a joint luncheon meeting of the Hong Kong and British Chambers of Commerce, was immediately challenged by one or two of the more radical members of Hong Kong's Executive and Legislative Council.

Mr Martin Lee, one of the strongest advocates of democratic reform in Hong Kong, said the Foreign Secretary's insistence on "convergence" *with China* was a "*highly dan*gerous" policy which would not have the desired result of persuading Peking to make compromises.

Mr Hurd *said* the Sino-British Joint Declaration of 1984 had to be turned into reality. "It requires a continuous discussion on equal terms with the Chinese Government and it is frankly frivolous to pretend otherwise. Anyone who does pretend otherwise can have no real standing as a friend of Hong Kong."

Many among his audience privately expressed the view that the British Government was too anxious to please the Chinese at the expense of Hong Kong's interests.

Mr Hurd said Hong Kong would achieve in 1991 "a momentous change" in the way it was governed by taking the first steps towards a directly elected democracy. What he did not say, however, was that those steps were likely to be substantially smaller than the ones advocated by Hong Kong's legislators.

The indications are that China would be prepared to accept the British and Hong Kong legislators' proposal that a third of the Hong Kong legis*lature's 60 members* should be directly elected in 1991 (20, instead of the 18 proposed by Peking) but that no further democratic reforms should be specified in Hong Kong's Basic Law, which is being drafted in Peking.

Mr Hurd appears therefore to be confining his proposed announcement to the 1991 elections.

However, members of the Hong Kong Executive and Legislative Council, who have proposed that a decision should be taken immediately on later stages of democratic reform, last night expressed their disquiet at Mr Hurd's tactics. "We have made it clear that if there is going to be a confrontation with China, it is better to have it now rather than put it off to a later date," one legislator said.

● China confirmed yesterday that Zhou Nan, a 62-year-old Vice Foreign Minister, is to become its de facto ambassador in Hong Kong by taking over as head of its local branch of the Xinhua News Agency.

Mr Hurd said: "It is important to have someone who is influential in Peking so that things that have to be discussed can be discussed in an authoritative way."

● The Hong Kong Government last night rejected allegations by Amnesty International that the colony's security forces had used brutal treatment against a group of Vietnamese boat people before 51 were forcibly repatriated to Hanoi last month. The report also spells out in detail earlier criticisms of the Hong Kong Government's screening process.
Page 4

British Foreign Secretary Douglas Hurd steps though a moon-shaped gate at a Hong Kong housing estate yesterday

THE LEX COLUMN

A longer wait for cheaper money

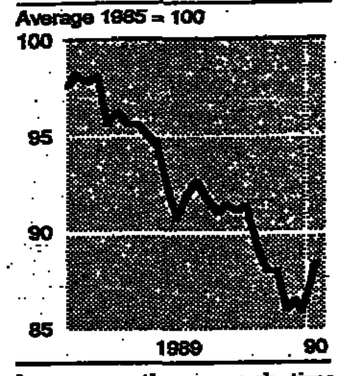
The market reaction to yesterday's startling retail *sales figures came not in* equities, frozen by the absence of a lead from New York and Tokyo, but in gilts and sterling. The drop of well over a point in long gilts and the rise in sterling showed the market finally abandoning its illusions about an early cut in base rates. At the turn of the year, interest rate futures were discounting 14 per cent by the end of March. They are now signalling 15 per cent at best.

The retail figures themselves were perhaps the occasion for this rather than the cause. It was already clear that consumer demand had enjoyed a freakish resurgence in the week before Christmas. Though the December rise of 2.2 per cent was still vastly higher than forecast, the fourth quarter as a whole was unchanged from the second. By some accounts, spending is still robust so far this year; but with half the nation's mortgage holders only now feeling the weight of the last two rate rises, a good January sale season was perhaps to be expected.

At one point yesterday, the money market appeared worried about an actual base rate increase. But given the Government's taste for the soft option, that seems scarcely credible as long as sterling maintains its recent strength. With the D-Mark out of favour and the Yen still chronically weak, there seems no obvious reason why overseas speculators should turn up their noses at a currency which offers a guaranteed 15 per cent for the foreseeable future.

Sterling Index

Average 1985 = 100



Sea Containers

In one of the longest and *least predictable bid battles in* recent corporate history, it may be rash to conclude that yesterday's peace treaty between Sea Containers and Stena/Tiphook is the end of the matter. The parties have agreed to end hostilities, but Sea Containers' decision to renege on earlier asset sales, which were part of its own rival recapitalisation plan, will have ruffled a few feathers. Similarly, yesterday's initial sharp drop in Sea Containers' share price is a reminder that some big holders had been hoping for far more.

But it is hard to see the deal being seriously challenged. Sea Containers' management speaks for more than a quarter of the equity, and there has been more than enough time for rival bidders to emerge. All sides seem to have done rather well out of the proposed deal; even Sea Containers' own shareholders, whose shares have more than doubled during the bid.

Tiphook will become the third biggest in its industry and, though it is not getting everything it wanted, is taking on far less debt, which was always the market's main concern. Stena gets its chance to become a major cross-channel ferry operator; and though this is a sacrifice for Sea Containers, the latter is left with a much less indebted business which on management's estimates should be capable of earning $10 a share next year. Mr Sherwood has done better for his shareholders than many imagined possible at the start of this battle.

Campeau

It is just within the realms of possibility that filing for Chapter 11 protection against its creditors will be the making of Campeau's US retailing chains, Federated and Allied; and its *bombed-out bonds could, in* theory, be one of the 1990s' first great buying opportunities. Old junk-bond hands recall the case of Interstate Stores, which spent four years in the US bankruptcy courts in the 1970s and emerged, transfigured, as Toys R Us. But it is *far too early to start seeing* light at the end of this particular tunnel.

Federated and Allied have the look of being very messy bankruptcy cases, with several hundred bond-holders pitted against New York investment and money-centre banks. But a deeper problem, with ramifications for other debt-burdened US corporations, is that we do not yet know whether Campeau's financial and management traumas have wrought permanent economic damage on the underlying retailing businesses.

Federated's brand-named units like Bloomingdale's, or Burdines, Florida's largest department store chain, should have kept their value and market position, and merely need to unload their debt burden. But the case of B. Altman, the New York-based retailing chain, which ended up being liquidated as a result of last year's insolvency of its parent, is not a good omen.

French acquisitions

Once UK advertising companies were *able to exploit their* frothy ratings to buy up their world rivals; now it is the French who are exploiting their comparative advantage and the British who are the targets. The two quoted French advertising agencies are rated in the high teens; RSCG was easily able to pick up KLP yesterday by offering a p/e of 11. Sterling's near 15 per cent decline against the French franc over the past year also helps the sums. And Britain has a multiplicity of small quoted companies in every conceivable marketing niche.

It may all seem old hat to the cynical British, disillusioned by experience of Saatchi & Saatchi, but there does seem to be evidence that some multinational corporations want to deal with multinational marketing companies. However, the French have been slow to join the trend and may yet find it easier to acquire delusions of grandeur than economies of scale. Many of the most attractive UK companies have been bought already; and purchasing second rank marketing companies may be as flawed a strategy as buying second rank broking firms before Big Bang.

Brands

The Accounting Standards Committee's sudden acceptance of brands on balance sheets is curiously at odds with its own demonstration that brands cannot be valued. But if brands are still to be amortised, the concession means little in practice. It will scarcely be worthwhile for an acquiring company to re-label part of its goodwill as brands if the charge to profits remains the same. If, on the other hand, the ASC gives way on the central principle of amortising intangibles, the finance directors will have won hands down.

Rapid progress in European bank talks

By Ian Davidson in Paris

NEGOTIATIONS to set up a new multi-national European Bank for Reconstruction and Development made much faster progress than expected yesterday.

In the light of the first day's meeting in Paris, the French presidency expects that agreement on the statutes of the new bank should be reached in March.

No firm decisions were taken at yesterday's opening session, which was attended by 34 governmental delegations plus representatives of the European Community Commission and the European Investment Bank.

But the discussions were described by Mr Hubert Vedrine, the French conference spokesman, as being marked by a "very constructive spirit", and by "a general willingness to make rapid and concrete progress".

The implication of yesterday's meeting is that all of the participants wish to be shareholders in the new bank, including all the countries of Western and Eastern Europe, plus the US, the Soviet Union, Japan, Canada, Australia and New Zealand, as well as Turkey, Cyprus and Malta.

Mr Vedrine confirmed that there had been discussion of the question of "eligibility", but he did not elaborate.

He said that there was a general sentiment of agreement that the essential objective of the new bank should be to help reinforce the competitive and private sector, but without excluding the public sector.

Many delegations stressed the political significance of the creation of the new bank, which the spokesman said was described as "a highly symbolical act of solidarity" with Eastern Europe.

There was a general sentiment of agreement that the capital of the bank should be "substantial", said Mr Vedrine.

The Irish government, currently holding the presidency of the Community, suggested a capital of Ecu10bn ($1.2bn) of which 30 per cent would be paid up.

In the light of yesterday's encouraging opening session, the French presidency has already sketched out a provisional time-table for future meetings.

Anglo-Irish tension rises over Belfast shootings

By Ralph Atkins in London and Kieran Cooke in Dublin

SATURDAY'S fatal shootings of three men in West Belfast by British undercover soldiers had caused "very serious disquiet and misgivings," Mr Charles Haughey, the Irish Prime Minister, said yesterday.

He called for an immediate response from the British authorities to Dublin's request for information. The situation was very serious and had far-reaching implications, he said.

The incident appears likely to increase tension between Dublin and London although suggestions of a substantial rift were being played down by both governments.

Mr Peter Brooke, Northern Ireland Secretary, yesterday attempted to calm anxieties as Ireland stepped up pressure for it to be given full details of the incident.

In London, the Northern Ireland Office said it had no comment on Mr Haughey's remarks. The Irish Government is anxious to avoid damaging rows during its presidency of the European Community which started at the beginning of this month.

Mr Peter Robinson, deputy leader of the Democratic Unionist Party, accused Mr Haughey of picking and choosing cases to become concerned about. "No such reports were requested when a killing of a Protestant man took place in similar circumstances," he said.

In the House of Commons, Mr Brooke said the investigation by the Royal Ulster Constabulary into the shootings would be "full and thorough." He said the replica guns used by the three men were "so convincing that only very careful examination shows that they cannot fire live rounds."

Mr Kevin McNamara, the opposition Labour party's Northern Ireland spokesman, *said that without a full expla*nation of the incident, confidence in the security forces could be threatened. But Mr Brooke refused to answer detailed questions, saying the inquiry must "now take its course."

Mr Brooke emphasised that the security forces were expected to operate within the law, or according to so-called "yellow card" procedures.

Security forces may shoot without warning, but only if any delay could lead to death or injury to them or any other person, or if the giving of the warning is clearly impracticable.

US stores file for Chapter 11

Continued from Page 1

stake in Campeau Corp is now 15 per cent. He gave up operating involvement in the retailing subsidiaries last week.

The Allied and Federated debacle is also a rare setback for Toronto's Reichmann brothers, whose real estate company Olympia & York Developments backed Mr Campeau to the point where it is now the biggest shareholder in Campeau Corporation.

By going into Chapter 11, Allied and Federated hope to restructure their affairs without the concern of meeting constant deadlines for debt repayments. Suppliers to the stores have indicated that they would prefer the greater stability of Chapter 11.

The two companies' chief executives said they expected the reorganisation process "to have a positive impact on our business in that it will allow us to operate our department stores in a manner that benefits everyone – and that once again allows our retail divisions to concentrate on selling merchandise."

Campeau Corp shares, which were as high as C$22.25 ($19.19) last year, were trading at C$2.32 on the Toronto stock exchange at midday yesterday, down 38 cents from last Friday. The junk bond market fell by between ¼ point and ½ point in a relatively muted reaction to the news, writes Janet Bush in New York. The expectation of bankruptcy filings had already led to steep price falls in recent weeks.

Federated's 16 per cent senior subordinated debentures of 2000 dropped around 2 points while other Federated and Allied issues were 2 to 3 points lower. Other department store junk bonds were also hit harder than the broad market. Even though many New York banks were closed for Martin Luther King's birthday, trading was heavier than usual.

Lex, Page 20

Brussels plans fresh boost for airline competition in Europe

By Paul Betts, Aerospace Correspondent, in London

THE European Commission is considering taking a series of measures, including actively encouraging non-EC airlines to offer more services in Europe, to ensure greater competition in the EC scheduled airline market.

Even before the latest Air France-UTA merger, EC air transport and competition officials were becoming increasingly worried by the growing trend in big airline mergers and co-operation pacts threatening to undermine the Community's efforts to liberalise European air transport.

At the same time as reviewing the competitive implications of the recent spate of airline mergers and associations, *the EC is expected shortly to* unveil initiatives to bolster the second phase of European airline liberalisation, due to take effect within two years.

Community officials conceded in Brussels last week that some concentration in the European airline industry might be useful to help EC airlines compete against the large US carriers and the aggressive and fast growing Asian-Pacific airlines. But they also warned that mergers threated to reduce competition in Europe.

Sir Leon Brittan, the EC's Competition Commissioner, said yesterday Brussels "will not hesitate" to take action if *it finds that plans by Air* France to take over UTA prove "incompatible" with EC law. He cited "considerable concern about the protection of the consumer as an air traveller in the single European market".

"In such a situation, we may well have to look to the outside world and actively permit air carriers from third countries to carry out Community cabotage in order to ensure sufficient competition", Mr Frederik Sorensen, head of the EC's air transport division, said recently.

EC officials pointed out that the US was now also considering opening its domestic market to European carriers to increase competition in a market now dominated by a handful of big US carriers.

Under proposals to be announced on January 24, the EC plans to set up a Community framework to negotiate all future route rights between the EC and third countries to replace the current system of bilateral agreements.

This new Brussels-based Community structure is expected to strengthen the EC's hand in acquiring greater access for Community airlines in other markets. But it would also provide the Community with an instrument to introduce greater competition in Europe from third country carriers if necessary.

The EC is also expected within the next two months to propose Community rules for airport slot allocation. The scarcity of available take-off and landing slots at congested European airports risks severely handicapping potential new entrants in the schedule airline market.

Slots are allocated at present on an *arcane system* of so-called "grandfather rights" whereby long established airlines at certain airports control dominant positions at these airports. The EC now plans to curb these rights by proposing that a certain percentage of slots at EC airports be put up for redistribution to other airlines annually. The EC is also considering other proposals to resolve the bottlenecks caused by air traffic control problems and congestion on the ground at leading European airports.

Gorbachev declares state of emergency

Continued from Page 1

"Pogroms and assaults continue in Baku. Preliminary information puts the number of deaths as a result of the clashes during the past three days at 33." Soviet television last night put the figure at 34. Unofficial Armenian estimates put the toll above 150.

Izvestia said: "Open battles are being waged" in the Shaumyan and Khanlar districts on the border of Nagorno-Karabakh, where Armenian officials and Azerbaijani villagers are being held in mass counter-kidnappings.

Nationalist demonstrators in Gandzha broke into the local agricultural institute and seized 80 automatic guns, two machine guns, a mortar and 27 bayonets kept for student training.

Tass reported that at the railway station: "the chief of the railway guard detachment appears to have issued three revolvers, two small-calibre rifles and 80 cartridges to representatives of the Popular Front without resistance. His 25 subordinates left for Khanlar district armed with weapons issued to them under the regulations."

Throughout Azerbaijan, the increasingly militant nationalist Azerbaijan Popular Front is manning road blocks with the local police, and enforcing a renewed total rail blockade on neighbouring Armenia.

The dispute was sparked by the question of the future of the mountain enclave of Karabakh.

Other east European reports, Pages 2 and 3

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	–	–	–	Dubrovnik	S	13	55	Malta	R	14	57	Rhodes	S	14	57
Algiers	S	16	61	Edinburgh	F	11	52	Manchester	C	13	55	Rio de J'o	F	40	104
Amsterdam	R	9	48	Faro	S	16	61	Manila	–	–	–	Rome	S	10	50
Athens	F	11	52	Florence	S	6	43	Melbourne	F	19	66	Salzburg	S	0	32
Bahrain	S	15	59	Frankfurt	C	4	39	Mexico City	–	–	–	San Francisco	C	9	48
Bangkok	–	–	–	Funchal	F	17	63	Miami	F	18	64	Seoul	C	-3	27
Barcelona	S	12	54	Geneva	C	0	32	Milan	S	5	41	Singapore	F	28	82
Beirut	–	–	–	Gibraltar	F	14	57	Montreal	C	-15	5	Stockholm	Sn	0	32
Belfast	R	11	52	Glasgow	R	11	52	Moscow	Sn	-15	5	Strasbourg	C	3	37
Belgrade	C	-1	30	Guernsey	Dr	10	50	Munich	S	3	37	Sydney	Dr	19	66
Berlin	–	–	–	Helsinki	Sn	-7	19	Nairobi	S	27	81	Taipei	–	–	–
Biarritz	S	14	57	H. Kong	R	18	64	Naples	S	13	55	Tangier	F	-1	30
Bombay	S	31	88	Innsbruck	S	-1	30	Nassau	F	23	73	Tel Aviv	C	15	59
Bordeaux	Fg	7	45	Inverness	R	9	48	New Delhi	S	20	68	Tenerife	C	18	64
Brussels	R	7	45	Islamabad	68	39	20	New York	Sl	2	36	Tokyo	F	9	48
Budapest	–	–	–	Istanbul	C	5	41	Nice	S	13	55	Toronto	–	–	–
B. Aires	F	30	86	Jakarta	–	–	–	Nicosia	S	16	61	Tunis	F	15	59
Cairo	F	17	63	Jersey	Dr	11	52	Oporto	S	10	50	Valencia	S	15	59
Cape Town	S	29	84	Jo'burg	F	25	77	Oslo	S	7	45	Venice	S	9	48
Caracas	F	26	79	Lima	F	26	79	Paris	R	7	45	Vienna	C	-3	27
Casablanca	S	15	59	Lisbon	S	11	52	Peking	S	1	34	Warsaw	C	3	37
Chicago	S	-2	28	London	C	12	54	Prague	S	3	37	Washington	C	3	37
Cologne	R	6	43	Los Angeles	C	9	48	Reykjavik	F	2	36	Zurich	S	2	36
Copenhagen	R	4	39	Luxembourg	Fg	3	37								
Corfu	S	14	57	Madrid	S	8	46								
Dallas	C	15	59	Majorca	S	15	59								
Dublin	R	13	55	Malaga	F	12	54								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Pakistan investigates ISC Technologies

Continued from Page 1

Pakistan's president, disrupted ISCT's business in the country and led to the alleged fraud's exposure last summer.

The Pakistani inquiry is entwined with politics. Prime Minister Bhutto's supporters see a scandal as the main way to discredit the late President, generals still loyal to him and his sons who may become political rivals.

President Zia's death, in a mysterious air crash, may have undermined the bogus deals. One Ferranti executive said yesterday that Mr Guerin appeared concerned when news of President Zia's death came through. Mr Guerin had widespread contacts in the international arms business and was renowned for the informality of his dealings. Ferranti officials believe that, in the wake of Zia's death, informal agreements in Pakistan collapsed.

Ferranti initially thought the disruption to payments was a difficulty with credit. But when it investigated two of the supposed prime contractors, Sestri Associated and Technology Associates International, both Panamanian-registered companies, it discovered they had been dissolved in February 1988. Yet both companies were described as suppliers in contracts signed on November 10, 1988.

As the Ferranti investigation deepened it uncovered further inconsistencies in the paper work on the contracts. In one case a contract to buy equipment from two other Panamanian sub-contractors, Eleverton and Navarino, were signed in February last year, two months before the relevant sales contract.

FINANCIAL TIMES
COMPANIES & MARKETS
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Tuesday January 16 1990

INSIDE

Koor Industries' runaway destiny

Who is in charge of Koor Industries? Mr Arnon Gafny, the former chairman of Israel's largest industrial group must have asked himself this question before handing in his resignation at a board meeting yesterday. He said that the recent engagement of the Israeli Government, the company's trade union ownership and its creditors in talks with potential foreign buyers of the group made it impossible for him to continue in his job. Later, the group announced it had suspended payment of all interest and principal on its $950m debts until January 24, the day before a grace period expires for payment of interest on US bonds which it has so far been unable to meet. Page 23

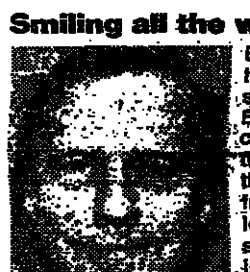
Rubber traders up a gum tree

Rubber cultivation is still a fairly primitive, labour-intensive activity. But in Indonesia, the second largest rubber producer after Malaysia, more than half of the product is now channelled direct to the tyre manufacturers — 65 per cent to the US and about 20 per cent to Japan. The move towards closer links between producers and manufacturers, common in other industries, has come about through the need to streamline the supply of raw materials. John Murray Brown reports on a development that has already resulted in a sharp fall in volumes on the trading floors of Kuala Lumpur and Singapore. Page 36

In a pickle

Mr Tony O'Reilly, the Irish-born chairman of HJ Heinz, was once described as the best thing to have happened to the US food group since the advent of sliced pickles. There are now signs that he is turning his attention to an Irish company in a pickle. Mr O'Reilly is reported to be preparing a tilt at Waterford Wedgwood Holdings, the crystal and china group that lost I£10.6m ($16.7m) before tax in the first half of 1989 and is forecast to have a full-year deficit approaching I£20m. Page 34

Smiling all the way to the bank



Bjorn Svedberg (left) has good reason to smile. Four years ago, Ericsson, the huge telecommunications group that he runs, was thought to be suffering from intractable problems. Yet this winter it stands out as the shining exception in a generally bleak results season. Profits for the first nine months of the year are 172 per cent up on last year and, with big orders for its AXE exchange system already in the bag, the company is tipped to be a star of the 1990s. Page 23

Ghosts in the market

The three spectres of inflation, stagflation and rising interest rates haunted the world's leading stock markets last week and led to a 2.2 per cent fall in the FT-Actuaries World index. Gold continued to be a refuge for nervous investors, however, pushing the South African stock market up by 4.6 per cent. West Germany and Austria stayed buoyant on hopes of the profits to be made from reforms in Eastern Europe. Page 48

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Badenwerk	260	+	3
Falls			
BMW	555	−	11
Lahmeyer	888	−	12
Schering	813	−	13
Varta	433	−	5
Volkswagen	552	−	6
NEW YORK ($)			
Rises			
Georgia Gulf	42⅞	+	⅜
Placer Dome	20⅝	+	⅜
Ralston-Purina	83⅞	+	1⅝
Rorer	62¼	+	13¼
Falls			
Ecolab	27	−	1⅜
Symbol Tech.	10⅝	−	4⅞
PARIS (FFr)			
Rises			
Club Med	767	+	27
Fonciere Lyon	989	+	20
Falls			
Beghin-Say	747	−	12
Imetal	305	−	10
Printemps	727	−	13
Sagem	1510	−	40

New York prices as at 12.30pm. Tokyo closed.

LONDON (Pence)			
Rises			
Bass	1069	+	14
Bluebird Toys	152	+	5
GKN	428	+	4
Land Secs.	522	+	4
MEPC	523	+	5
News Intl.	335	+	7
P & O Defd.	648	+	9
Utd Friendly	950	+	20
Falls			
Body Shop	588	−	12
Fisons	332	−	3
Glaxo	765	−	12
GUS "A"	1438	−	12
Metal Closures	188	−	9
Racal-Telecom	370	−	9
Refuge Ass.	683	−	10
TVS	152	−	7
Wassall	208	−	5
Waterford Wedgw.	47	−	2

Sea Containers in deal with bidders

By Andrew Hill in London

STENA, a private Swedish shipping company, is set to buy most of Sealink British Ferries for $430m, following a nine-month battle for control of Sealink's parent, Sea Containers.

On Thursday Mr James Sherwood, Sea Containers' president, will ask his board to agree to the sale of Sealink's routes and ferries across the Channel and the Irish Sea.

Stena, which operates a cruise-style ferry service in the Baltic, and Tiphook, a UK container rental group, launched their hostile $1.12bn bid for Sea Containers in the US last May. It has been vehemently opposed by Mr Sherwood, who was due to seek shareholder approval for a defensive plan next month.

However, the two companies won him over at the weekend with a proposal to drop the bid and buy the assets they want for nearly $1bn. Mr Sherwood, who built up Sea Containers from nothing, was unequivocal yesterday about the main reason for recommending the new deal: "Money. They have made a very substantial increase in their offer."

Mr Sherwood said the company still planned to go ahead with a distribution to shareholders of cash raised through asset sales, but new details would have to be decided at Thursday's board meeting.

Sealink was bought for £66m ($110m) five years ago from the UK Government, which still owns a special share. To win government approval Stena will have to guarantee that the Sealink fleet will be made available in times of national emergency.

Under the terms of the deal, which has to be approved by Sea Containers' shareholders, Tiphook would receive the group's dry cargo containers, its chassis and its tank container leasing and forwarding business for a cash payment of $537m. The deal is likely to anger Tiphook's rivals, Genstar and Itel, which had already agreed to buy the assets for a total of $510m as part of Sea Containers' original defence plans.

Sea Containers would continue to own the Sealink Isle of Wight services, Hoverspeed hovercrafts and catamarans, its stakes in the Orient-Express luxury train and hotel company and the Isle of Man ferry company, as well as the ports of Heysham, Newhaven and Folkestone. Sea Containers also intends to keep its specialised container-leasing business, its container factories and depots.

Fishguard, Holyhead and Stranraer will be sold to Stena, as will Harwich, although Sea Containers will retain 410 acres of valuable development land there and the Harwich/Hook of Holland ferry service.

Tiphook's shares were suspended in London while the group sought the approval of its major shareholders for the change in tactics, and eventually rose 4p to 482p. In New York, however, Sea Containers' shares dropped sharply when they emerged from suspension, falling more than $5 to around $61, compared with the original bid price of $70.

Mr Dan Sten Olsson, Stena's chief executive, said yesterday that the group would start improving the Sealink ferry service as soon as the deal was approved.

"Our ambition is to have satisfied passengers. Our second aim is to give more authority and responsibility to middle management," he said yesterday, adding that no redundancies were expected.

The bid for Sea Containers has spent much of the last nine months bogged down in the courts of Bermuda, where the group is registered. All outstanding litigation will be dropped under the new agreement.

Lex, Page 22

Mystery bid values US antacid giant at $2.3bn

By Alan Friedman in New York

SHARES in Rorer, the US pharmaceuticals company, jumped by 25 per cent yesterday morning after it said negotiations were at an advanced stage to sell 68 per cent of the group.

The Pennsylvania-based company, which produces Maalox, the world's biggest selling antacid, did not disclose the name of the likely buyer, which analysts on Wall Street say is most probably one of three Swiss drugs companies — Hoffmann-La Roche, Ciba Geigy or Sandoz. All three declined to comment.

Rorer said only that its potential partner recently introduced a "Lemon Swiss Cream"-flavoured antacid product. A statement from the acquiring company was said last night to be imminent.

The acquisition price, including cash and stock, is about $73 per share, which would put a market value of more than $2.3bn on Rorer. On the New York Stock Exchange Rorer stock jumped by $12¾ to $61¾ yesterday morning.

Rorer, which is expected to report a 1989 full year net profit of $80m to $90m on $1.15bn of sales, was at pains to try to present the forthcoming deal as "a unique strategic opportunity" that "in no way constitutes a decision to consider a sale of the company."

Rumours of a takeover of Rorer have dogged the company for several months, and Mr Rob Cawthorn, the British-born chairman, insisted last summer that "we're not on the block."

But Rorer said yesterday the deal under negotiation would leave existing shareholders with just 32 per cent of the company's equity and would involve "the other company" buying 68 per cent of Rorer's outstanding common shares and "obtaining substantial representation on the Rorer board."

The transaction being finalised would provide cash and paper for holders of Rorer common stock, plus a contingent value right that would guarantee that investors holding the remaining 32 per cent of the company would be able to obtain the same $73 value for their stock as the initial partial tender offer for 68 per cent of the company.

Rorer also said the transaction was modelled on last year's two-step takeover by Dow Chemical of Marion Laboratories.

Rorer, the 15th biggest US drugs company, has faced stiffer competition in recent years as other companies have emulated Maalox, which was introduced in 1949.

The company has admitted that until recently it did not devote enough attention to marketing Maalox, although Mr Cawthorn has received high marks for working to revitalise the company and spending significantly more on advertising.

The likely takeover of Rorer is yet another rationalisation move in the world drug industry, following last year's larger mergers of Bristol-Myers and Squibb and of Beecham and SmithKline Beckman.

Fat Belgian bankers seek trimmer figures

The industry faces up to reality. Lucy Kellaway reports

Générale de Banque, the biggest bank in Belgium, told its employees last week that there were too many of them. In the City of London, this would be an everyday kind of announcement, but in Belgium the news was a sign that five fat decades in the banking sector are coming to an end.

For as long as anyone can remember Belgian banks have been run as much for their employees as for their shareholders. Bank workers have been among the best paid in Europe and their jobs have been for life.

This benign attitude has been part of a general banking style – slow and safe. It has gone with a low return on assets – Belgium has the lowest of the seven main European banking markets – but with rock-steady profits, so that shareholders have, until recently, not complained.

All that is changing. The banking unions have suddenly turned militant, calling a series of almost unheard of strikes, fighting for their job security. The banks, meanwhile, are trying to cut costs, and to rearrange their businesses to become more efficient and more profitable.

All of the big three are rethinking their strategies: Kredietbank and Banque Bruxelles Lambert have taken steps to improve services, increase efficiency and to change the structure of the organisation to make it flexible.

More belatedly, the sleeping giant Générale de Banque is on the move, and under the unfamiliar guidance of McKinsey, the management consultant, has set itself the ambitious target of doubling its profits in three years.

Smaller banks are also struggling to cut their costs; Banque Ippa, part of the Royale Belge insurance group, recently announced plans to shed 10 per cent of its staff.

The forces for change come from several different directions. The first is shareholders themselves. All three of the main banks are controlled by large industrial holding companies, which traditionally have played a passive role.

However, following the battle for Société Générale de Belgique, the biggest shareholder in Générale de Banque, they have recently become concerned about getting a better return on their investments. Aggressive new management at SGB has been galvanising the bank's management into action.

At Kredietbank, meanwhile, the largest shareholder, Almanij, the Flemish holding company, has itself been under pressure as the subject of takeover rumours.

Another factor is the prospect of competition from other European banks. Belgian banks are not likely to gain much from 1992. Among the worst capitalised banks in Europe, they will find the cost of meeting European solvency ratios especially high. All three of the big banks have raised equity in the last year, and Générale de Banque's ratios are still below the prescribed level.

Moreover, the Belgian banks are not big enough to consider taking on each other's markets – the breakdown of talks between Générale de Banque and Amro Bank of the Netherlands last year was a case in point. Instead, the banks are concentrating on making themselves more efficient to stave off competition on their home ground.

A further pressure comes from the government. The banks have been obliged to help the government finance Belgium's enormous public debt – equal to 120 per cent of GNP – and in return they have been given a big margin on their purchases of Treasury bills. The government,

Belgian banks

MARKET CAPITALISATION BFr bn		
Générale de Banque	82.9	
Kredietbank	58.7	
Banque Bruxelles Lambert	51.7	
TOTAL ASSETS BFr bn		
Générale de Banque	2,331	12/88
Kredietbank	1,550	3/89
Banque Bruxelles Lambert	1,997	9/89
EARNINGS including capital gains BFr m		
Générale de Banque	6,455	12/87
	7,468	12/88
forecast	8,700	12/89
Kredietbank	7,725	3/88
	8,513	3/89
forecast	8,250	3/90
Banque Bruxelles Lambert	4,424	9/87
	5,015	9/88
	6,012	9/89

Source: Petercam

which has made cuts in its own workforce in an attempt to reduce the public debt, now wonders whether it is paying too much itself and allowing the banks to postpone their own restructuring.

If the banks are to succeed, they will have to break employee expectations. The right to a job is ingrained in the system. Even at a time when the Belgian banks were installing automated equipment as sophisticated as any in Europe, the head-count continued to rise; between 1970 and 1989 the number rose by more than a third to 52,000.

Moreover, salaries have always been a matter of seniority rather than skill, so that old workers without any education are paid more than financial whiz-kids. The problem is to find a way of easing out the expensive old employees and motivating the skilled younger ones.

Even if unions can be persuaded to accept a few job losses, it is unlikely to be enough. The 1,000 cuts gingerly mentioned by Générale de Belgique's management on Friday, would be only one third the number that analysts say is needed to hold the bank's costs at present levels.

Extracting better performance is going to be difficult especially against a market background that is becoming tougher. With the Belgian economy slowing, five years of steady increase in banking profits may have come to an end. BBL recently warned that the next year is likely to be thinner, saying it would do well to match last year's net profit of BFr6bn ($170m).

As Générale de Banque belatedly recognises, what is needed is an entrepreneurial touch. At the moment there is little evidence of this. As there are no money or bond markets in Belgium, all the business has automatically come to the banks, which have made money taking in cheap deposits from a nation of avid savers, and parcelling it out at a margin to Belgian industry and to the heavily-indebted Government.

Competition and de-regulation mean that this needs to be rethought.

The banks have tended to cross-subsidise services heavily. Profitable retail deposits pay for less profitable business elsewhere, and banks frequently do not know which operations make money and which do not. In the competitive wholesale money market, Belgian banks have been prepared to lend to big Belgian companies at London interbank offered rates or less, swelling their balance sheets and depressing their return on assets.

The first signs are emerging of big banks turning this kind of business away, at least when they can see no profit in it. They are also considering charging for current (cheque) accounts.

All of the banks have been examining their strategies for 1992, and seem confident that it is not too late to thrive in the overbanked home market. So long as they can control their costs, it seems likely that they will continue to defend their positions against outsiders.

While foreign banks may continue to claim more of low-margin corporate lending – Belgian banks can count on the loyalty of depositors and on their ability to serve the tens of thousands of small and medium-sized companies in Belgium.

However, there is plenty of competition at home, which until now has been reflected in giving customers an ever-better service.

Each depositor in Belgium shares his local bank branch with barely 1,000 other people, can withdraw money from thousands of perfectly functioning cash machines and can pay in shops by the touch of an electronic button. That kind of luxury costs. The old system may have been good for the employee and the customer. The new system may be less good for both.

Wellcome AGM will face AIDS protest

By Peter Marsh in London

WELLCOME, the UK drugs company which today faces a disruption of its annual meeting by AIDS activists, has no plans to reduce the price of its Retrovir AIDS treatment, according to Sir Alfred Shepperd, the company's chairman and chief executive.

The company is likely to come under pressure today from members of ACT UP, a US-based group which campaigns on behalf of AIDS sufferers.

About 10 members of the group have bought shares in Wellcome and propose to attend today's meeting in London. They plan to ask for a reduction in price of Retrovir, which is the only drug licensed to treat AIDS and is the company's second biggest selling product.

Sir Alfred, who retires in June, said price cuts for Retrovir could be ruled out in the immediate future.

The company has reduced the price of the drug twice since it first went on sale three years ago. This, together with lower recommended doses, means the average cost of a year's treatment with the medicine has been reduced by about a third to $3,000 since 1987. Wellcome said yesterday it was making no special plans for dealing with any interruption of its meeting by AIDS activists. "Anyone who is a shareholder has a perfect right to come along and ask questions," the company said.

ACT UP stands for AIDS Coalition To Unleash Power. Mr Rob Archer, an Edinburgh-based member of ACT UP, said he wanted Wellcome to spend more money on research related to the problems of AIDS sufferers.

Mounting pressure, Page 31

Sweden to lift ban on foreign ownership of banks

By John Burton in Stockholm

SWEDEN plans to lift its ban on the foreign ownership of Swedish banks, finance companies and stock brokerage firms, and to permit foreign banks to open branch offices in the country.

The changes are expected to take effect on July 1. They mark a significant step in opening up Sweden's protected financial sector to foreign competition and are part of the government's policy of harmonising Swedish regulations with those of the EC as the internal market approaches.

Swedish banks welcomed yesterday's move since they feared that continued restrictions on foreign ownership would prevent them from buying banks in EC countries.

The changes will probably lead to improved profits for foreign banks operating in Sweden. Foreign banks have been allowed to establish subsidiary operations since 1986, but most have either suffered losses or recorded only marginal profits. Several, including France's Banque Paribas and Banque Nationale de Paris and Finland's Kansallis-Osake-Pankki, have closed or sold their operations, although 10 foreign banks remain present in Sweden.

Foreign bankers have blamed their problems on the ownership restrictions and the ban on branch offices, which they claim have severely handicapped them in competing against Swedish rivals.

Foreign ownership will still be subject to restrictions. The Ministry of Finance will have the right to vet all foreign purchases if they represent more than 10 per cent of equity or voting rights and could bar potential bids on the grounds of national security. The government also signalled that it would not allow majority foreign ownership of Sweden's "biggest banks," explaining that this would make government management of economic policy difficult.

Although it did not specify which banks would be protected, they would likely include the country's big four national banks – Skandinaviska Enskilda Banken, Svenska Handelsbanken, the new Nordbanken and United Gotabanken.

With most of the country's regional banks now controlled by the national banks, foreign banks may find it impossible to acquire majority control of any Swedish bank. But the proposals are more liberal than those recommended by the Credit Market Commission, which proposed limiting foreign ownership to 20 per cent of equity or 10 per cent of voting rights.

Two top US banks exceed forecast

By Anatole Kaletsky in New York

CHASE MANHATTAN and First Chicago, two of the leading US bank groups, yesterday disclosed fourth quarter results ahead of Wall Street's expectations.

Analysts had recently been sharply reducing forecasts of US bank profits because of increasing troubles in property lending. The two banks' reports helped to calm nerves on Wall Street after the big setback in stock prices last week.

Chase's stock rose $¾ to $32½ and First Chicago's advanced by $¾ to $36 shortly after the results were announced.

Chase Manhattan reported net income of $175m or $1.47 a share in the fourth quarter, sharply higher than the underlying result a year earlier. Although Chase reported fourth quarter profits of $275m or $2.93 a year ago, $217m of this related to non-recurring interest collections from Brazil.

A surprise in yesterday's result was the allowance of $130m for possible credit losses in the latest quarter. This compared with $100m of non-Less Developed Countries provisions a year earlier and suggested the deterioration in Chase's US property portfolio was not as severe as some analysts had supposed.

Net loan charge-offs in the latest quarter were $463m, but $336m of these charge-offs related to LDC credits, including $165m of loans lost in Argentina. Excluding Third World countries loan charge-offs were $127m.

For 1989 as a whole, Chase reported a net loss of $665m or $7.94 a share, compared with a profit of $1.06bn or $11.55 the year before. The annual loss was due to a $1.26bn provision for Third World losses announced in Chase's third quarter results.

First Chicago had net income of $123m or $1.77 a share in the fourth quarter, compared with $137m or $2.01 the year before. The bank noted, however, that the year ago figure included a tax benefit of $19m related to operating losses from 1987. Excluding such tax benefits in both years, operating income was $115m or $1.66 in the latest quarter, compared with $110m or $1.64 the year before.

For 1989 as a whole First Chicago reported net profits of $359m or $5.10, against $513m or $8.30 in 1988. Excluding tax benefits and other special items, First Chicago said its full-year operating profits were $451m in 1989, compared with $417m in 1988.

First Chicago provided $75m for possible credit losses in the last quarter, against $50m in the same period last year. Its net loan charge-offs were $199m in the latest period, including $167m lost in the Third World. Non-LDC charge-offs were $32m in the last quarter, compared with $24m a year ago and $41m in the third quarter of 1989.

Shearson expects net income up at $111m

By Janet Bush in New York

SHEARSON Lehman Hutton, the US securities house which is in the middle of a large recapitalisation, yesterday said it expected to report net income for 1989 between $107m and $111m compared with $96m in 1988.

The company's preliminary disclosure of fourth quarter results coincides with a roadshow aimed at promoting a planned offering of 20m shares of Shearson Lehman Hutton Holdings common stock, which forms part of a capital injection of $850m. A full earnings report will be published around January 23.

The recapitalisation, agreed in December, will lower the stake in Shearson held by American Express from about 61 per cent to under 50 per cent. Shearson said it expected net income in the fourth quarter to be between $1m and $5m, compared with a loss of $13m in the final quarter of 1988.

At the pre-tax level, Shearson expects to report a loss of between $7m and $13m, against a $17m loss in the year-ago quarter.

The company also announced yesterday it had agreed to sell cumulative convertible voting preferred stock with a liquidation value of $75m to Hellman & Friedman Capital Partners International.

This leaves another $75m of this class of stock to be placed privately with institutions, which Shearson expects to do later this month or early next month.

Shearson and American Express have already put in place major planks of the recapitalisation. In the final week of December, the companies completed the sale to American Express of Shearson cumulative preferred stock with a liquidation value of $250m, and the purchase by American Express of Ayco Corp, a subsidiary of Shearson, for about $56m.

The remaining transactions, expected to be completed by early next month, are the common stock offering and a $150m principal issue of subordinated capital notes to institutional investors. The sale of voting stock to Hellman & Friedman entitles the company to one vote per share and the right for shareholders to nominate one director to serve on the Shearson board.

NCR slips, sees single digit growth

By Roderick Oram in New York

NCR, the US computer group, yesterday reported a small downturn in fourth quarter and year-end net profits, but buoyed by strong orders, is forecasting single figure growth in revenues and profits this year.

Net earnings for the three months ended December slipped to $147m from $149m, however, earnings per share rose to $2.02 from $1.85, thanks to the repurchase of 9m shares during the year.

Revenues eased 1 per cent to $1.79bn from $1.8bn. Sales and service revenues rose slightly in the US but foreign revenues declined a little, reflecting adverse currency effects. In local currency terms, foreign revenues rose during the year.

The company booked a record volume of orders during the fourth quarter in local currency terms, with US orders strongly ahead and foreign ones showing modest growth. Equipment for the retail and financial sectors were in particularly strong demand.

Full-year net earnings fell 6 per cent to $412m from $439m but rose on a per share basis to $5.38 from $5.33. Revenues were flat at $5.96bn against $5.99bn.

The lower profits reflected higher research and development costs, lower revenues, thinner margins and the cost of the share repurchases. These adverse factors were partially offset by cost cutting.

Mr Charles Exley, chairman, said NCR's spending on new product development will continue to grow faster than revenues, reflecting the company's optimism about its long-term outlook.

Wall Street believes NCR is likely to benefit from several industry trends, including more on-line transactions and networking. It is also likely to benfit from banks' continuing investment in automatic teller machines.

Merrill likely to cut 3,000 jobs

By Janet Bush in New York

MERRILL LYNCH, the largest US securities house, is moving ahead with plans to streamline its business and cut its payroll in an effort to reduce costs, a process which could mean the elimination of 3,000 jobs this year.

These efforts are part of an industry-wide drive to cut overcapacity on Wall Street after a difficult two years since the October 1987 stock market crash.

Merrill Lynch had warned its employees in a letter dated November 20 that it planned a restructuring which would involve selected job cuts.

Estimates of planned job losses had, late last year, centred on around 1,000.

However, that number of positions have already been eliminated through the sale of its Canadian retail brokerage business to Wood Gundy and the transfer of several clearing accounts of its Broadcort Capital Corp subsidiary to the Pershing wholesale division of Donaldson, Lufkin & Jenrette.

It now appears that, through a combination of attrition and selling off businesses, around 3,000 jobs could be eliminated this year.

The payroll has already been reduced by 5,500 since 1987 to 40,500 worldwide. A spokesman dismissed US reports that a total of 5,000 jobs could go this year, taking the payroll down to 35,000, as pure speculation.

He said there was no target and, until the review of operations was completed, nobody would know how many jobs would be eliminated.

Merrill Lynch differentiates between job cuts – there have been 100 to 150 since the beginning of the year – and positions eliminated through the sale of businesses. The company, with an extensive nationwide network of brokers, is Wall Street's largest employer and has long had a reputation for being overstaffed.

In the November 20 letter, Mr William Schreyer, chairman, and Mr Daniel Tully, president, said restructuring and job cuts were necessary because of overcapacity on Wall Street since the 1987 crash, competition from commercial banks and well-capitalised foreign institutions and increasing risks.

Merrill Lynch saw a 21 per cent drop in earnings to $148.4m in the first nine months of 1989.

Wall Street has shed anywhere between 23,000 and 33,000 jobs since 1987 and perhaps another 10,000 to 15,000 will have gone by the spring.

Akzo switches venture partner

By Laura Raum in Amsterdam

AKZO, the Dutch chemicals company, has turned to AMP of the US, the world's leading producer of electronic connection devices, to replace its existing partner in a 50-50 joint venture that makes printed wiring boards.

Akzo and AMP are setting up a new company that will pay $50m to Kollmorgen of the US for its 50-50 joint venture with Akzo plus Kollmorgen's technology in printed circuit boards.

AMP is believed to be paying around $40m and Akzo roughly $10m because it had put $30m in the original joint venture with Kollmorgen, which was established early last year. The new company will continue to manufacture printed wiring boards and related materials for the automotive, computer and electronic industries.

Akzo and AMP expect it to break even in 1990 and to achieve sales of "several hundred million dollars" in four to five years after posting turnover of about $50m the first year. Based in New York, it will employ nearly 500 people.

Another joint venture of Akzo and Kollmorgen, Akzo Electronic Materials Company of Schaumburg, Illinois, will be closed.

Akzo will independently continue to make components for computer chips through Crystal Specialities International, its wholly owned unit in Colorado Springs, Colorado.

Kollmorgen is pulling out of the joint ventures because of a financial restructuring which followed its success in fighting off a hostile takeover bid from Vernitron of the US.

Dana and TRW to co-operate

DANA and TRW of the US are to co-operate on engineering and producing chassis systems for vehicle manufacturers, Reuter reports.

"With this alliance, Dana and TRW can now supply automotive manufacturers with complete systems from simple drivelines to complex chassis assemblies to meet their vehicle design and packaging needs," Dana said.

Varity plans HQ in US

By Bernard Simon in Toronto

VARITY, one of Canada's oldest companies, is likely to move its corporate headquarters from Toronto to the US.

The farm equipment and industrial machinery group, which is better known under its former name of Massey-Ferguson, is negotiating to buy an historic home just across the border in Buffalo, New York, to house its 50-person head-office staff. A final decision is expected before the annual meeting on May 30.

The move reflects the growing proportion of Varity's business in the US, which will contribute about 40 per cent of this year's estimated revenues of $3.5bn.

Three-quarters of Varity's shareholders are in the US, and the company is keen to attract as shareholders US institutions whose rules bar them from investing in foreign securities. It already reports its financial results in US dollars.

Varity has a 20 per cent share of the world tractor market, but has diversified into the transport equipment business. Late last year, it completed the acquisition of Michigan-based parts maker Kelsey-Hayes.

Campbell Soup may sell units

MR David Johnson, the new president and chief executive officer of Campbell Soup of the US, said at a press conference he believed the company would inevitably divest itself of subsidiaries as he pushed ahead with plans to revitalize the troubled food company, AP-DJ reports.

At the press conference, Mr Johnson declined to identify specific divestiture candidates.

He did indicate, however, that the Campbell group would consider, among other actions, making strategic acquisitions.

INTERNATIONAL COMPANIES AND FINANCE

Koor chairman resigns as group halts debt payments

By Hugh Carnegy in Jerusalem

KOOR INDUSTRIES, Israel's largest industrial group, announced last night it had suspended payment of all interest and principal on its $950m debts until January 24, the day before a grace period expires for payment of interest on US bonds which it has so far been unable to meet.

This followed a board meeting where Mr Arnon Gafny, a former Governor of the Bank of Israel, resigned as chairman of Koor, saying the recent engagement of the Israeli Government, the company's trade union ownership and its creditors in talks with potential foreign buyers of the group made it impossible for him to continue.

The moves signalled mounting desperation at Koor that it is fast losing control of its own destiny.

In the last 10 days two foreign concerns, Shamrock of California and the Belzberg brothers of Canada, have made offers to acquire a controlling interest in Koor, adding a new dimension to already complex and divisive negotiations involving the Israeli Government, the Histadrut trade union federation which owns Koor, and the group's foreign and Israeli creditors over how to keep it afloat.

Yesterday's board decision to postpone debt repayment was meant to put pressure on the creditors to "do something quick," according to one person present.

The creditors were informed in advance of the suspension, which has effectively been in place since January 1. It has effect until a further board meeting called for the eve of the expiry date for the payment of a bi-annual tranche of interest on $165m of bonds issued in the US. The payment was originally due at the end of last month, but Koor announced at the time it could not pay.

If it cannot pay by January 25, the board has signalled its intention to resign and defer instead to the general assembly of Hevrat Ha'ovdim, the Histadrut's industrial holding company, which in turn will have to decide whether to apply to the courts for bankruptcy or nominate a new board to try to continue.

Mr Gafny, who was deeply involved in an earlier agreement – never completed – with Koor's creditors and the Government to stave off a previous liquidation move by Bankers Trust of New York, clearly felt his influence over the company had run out.

The board said it intented to keep Koor operating as a going concern according to its previously declared ability to service debts. It has said its cash flow deficit is such that it requires write-offs and aid well in excess of $200m, in addition to more than $150m envisaged in the earlier agreement.

Write-offs remain central to Koor's future as both the Shamrock and Belzberg bids are conditional upon them. But the Israeli and foreign creditors are still unable to agree on what form a rescue package should take.

COMPANY NEWS IN BRIEF

HACHETTE, the French media group, has agreed to launch a wide-ranging joint venture with Progress Publishers, the Soviet Union's biggest international publishing group, AP-DJ reports.

It said the venture would involve the creation of joint units in both countries to sell and acquire publication rights. The two new units will also co-operate on opportunities for joint publications that might arise.

Hachette said the joint venture accord also includes distribution links. Financial details were not disclosed.

■ Carlo De Benedetti lost another legal battle yesterday in his fight for control of the Mondadori publishing group, Reuter reports. Judge Maria Rosaria Grossi rejected a challenge by Mr De Benedetti to the pact governing the syndicate of major shareholders in Amef, the holding company that controls the ordinary capital of the publishing group.

Mr De Benedetti has been locked in a bitter battle with an alliance between the Formenton and Mondadori families and television magnate Mr Silvio Berlusconi since early December. Amef shareholders were scheduled to meet late yesterday.

■ Casco Nobel, a Swedish paint and adhesive company which is subsidiary of Nobel Industries, said yesterday it had reached an agreement to acquire the Belgian Trimetal Group, AP-DJ reports.

Casco Nobel declined to reveal the deal price, which it said Trimetal's owner, KMZM had agreed to "in principle."

Trimetal is one of the leading paint producers in the Benelux countries, while Casco Nobel is one of the largest paint and adhesive producers in Europe. Casco Nobel said the acquisition would strengthen its EC position.

■ Peugeot, the French car maker, said estimated 1989 group turnover was FFr152bn, up 9.7 per cent on the previous year, Reuter reports.

Mr Jacques Calvet, chairman, said the 1989 figure took account of an estimated FFr3bn ($527m) sales loss due to last autumn's strike at two of its French plants. "It is clear that the conflict will have caused (Peugeot) to lose both market share and money, but the impact will not be known until March," he said.

■ Assurances Générales de France (AGF), the state insurance group, has raised its interest in the holding company Pechelbronn above the legal disclosure threshold of 20 per cent, but does not plan to seek control of company, AP-DJ reports.

The development, announced by the Société des Bourses Françaises (SBF) in a communiqué, has been widely expected following AGF's open-market purchases of Pechelbronn at the end of 1989 and the beginning of 1990,

Wärtsilä board quits after Lohja takes 20%

By Enrique Tessieri in Helsinki

THE BOARD of Wärtsilä, the diesel securities and sanitary equipments group, resigned yesterday to make way for a new board after Lohja, a building and electronics group, acquired a 20.2 per cent stake in the company last December.

The naming of two members of the wealthy Ehrnrooth family to the six-man board of Wärtsilä and Mr Georg Ehrnrooth, president of Lohja, as deputy board member together with Mr Klaus Grönbärj, acting president of Wärtsilä, reinforced speculation that the Ehrnrooths are vying for a strong presence in the company.

Wärtsilä and Lohja have plans to merge this spring and form a company whose combined annual turnover would reach FM10bn ($2.5bn). The decision to merge happened after Wärtsilä gave up its loss-laden marine division last autumn in what was to become Finland's largest bankruptcy.

A further board appointment *is Mr Ahti Hirvonen*, who heads the Union Bank of Finland (UBF), one of the country's two largest banks. Wärtsilä only has two representatives on the new board, which plans to elect a chairman in the next few days.

Meanwhile, Fidelity, a Helsinki-based investment company owned 20 per cent by Proventus, has also gained a foothold in Wärtsilä by acquiring 10.7 per cent of the company. Proventus is a large Swedish investment group that owns Gota, a big financial holding company,

According to Proventus officials, the share-buying acquisition "started last October by purchasing mostly Wärtsilä restricted shares." The remaining 80 per cent of Fidelity is owned equally between two Finnish investment companies, *RSC-Invest and Melanopa*.

In December Lohja agreed to buy 20 per cent of Wärtsilä in an FM800m transaction the companies said could be the first step toward a merger to create an aggressive company big enough to compete in integrated European markets after 1992.

Going mobile on a global scale

Bjorn Svedberg talks to **Robert Taylor** about the future of Ericsson

Amid the gathering gloom of Sweden's corporate financial results Mr Bjorn Svedberg, president and chief executive officer of Ericsson, can afford to smile.

Against the general trend, in the first nine months of this year the leading telecommunications equipment group that he runs made profits before appropriations and taxes of SKr2.32bn ($378m), a 172 per cent increase over the same period of 1988, coming on top of a 66 per cent jump in profits for the whole of 1988.

Already this year the company has won big orders for its Axe exchange system in India and Algeria. No wonder Ericsson is already being tipped to be one of the big international company successes of the 1990s.

It all looked so different four years ago. At that time Ericsson was regarded as a company suffering from intractable problems. While other Swedish companies were reaping the export rewards from a devalued currency in the industrial revival of the 1980s, Ericsson looked doomed to failure. Mr Svedberg himself seemed likely to be the sacrificial victim in a company whose financial problems were piling up.

Now the shy, rather unassuming head of Ericsson has come into his own, seen as the far-sighted executive who pulled the company and himself out of the doldrums. In May he will become Ericsson's chairman, replacing Dr Hans Werthen, who is retiring.

"A short time ago nobody had a good word to say about Mr Svedberg. Now he is the toast of the stock market," commented one observer of the Swedish corporate scene.

But this is not something that Mr Svedberg, 52, is boasting about. Much of the time he prefers to stay out of the public gaze. He has kept his own personal entry in Sweden's Who's Who to a mere six lines.

"Don't compare me to other Swedish industrialists," he said. "If my business was *closer to the consumer market* then I would have a higher profile. But I'm not selling cars, yoghurt or refrigerators."

Mr Svedberg does not appear in the country's annual top 10 personalities. Few Swedes would recognise him if they saw him in the street. But then he feels instinctively more at

Bjorn Svedberg: 'We should work locally and think globally'

ease in the intimacy of behind-the-scenes diplomacy with government ministers and business customers around the world.

Fluent in English and Spanish, which he speaks with "a Mexican accent," Svedberg spends more than a third of his working year abroad showing the flag for Ericsson. "You have to get around to see what is going on," he said.

All that travel seems to have paid off. The company's recent deals straddle the globe – the Middle East, Latin America, western Europe, China, above all the US.

"My long-term strategy is succeeding," declares Mr Svedberg, who drew up a revival plan two years ago designed to restructure Ericsson and turn it into a world leader in the fiercely competitive telecommunications business. The company is one of the few in the industry that is actually increasing its market share.

It has not been an easy road for Mr Svedberg, who first started working for Ericsson 27 years ago. Indeed, the company has learned some painful lessons along the way. Not surprisingly Mr Svedberg likes to emphasise the need to have patience in the belief that in the end all will come right. The company pressed for 12 years to break into the British market and it could only move into the lucrative US in 1984 after deregulation.

"In fact, we have made our major advance in the American market only this autumn," he admits, referring to the purchase of the Axe digital telephone switch technology system by Southwestern Bell, which should provide Ericsson with around 10 per cent of the total American market.

Indeed, Mr Svedberg believes in the virtues of perseverance. "You need the stamina to stand up consistently for the long term," he admits. "I don't give up easily."

What has helped Ericsson to surge forward in the past two years has been a renewed concentration on a core strategy based on proven expertise in telecommunications. The company suffered an unhappy experience in the early 1980s when it made an expensive foray into the manufacture of information systems, exspecially personal computers.

"We were able to restore our *data systems division* to break-even," he said. "We could have gone on developing computers but we said to ourselves: 'What are we best at doing?' After all, we had the brains, the plants and the market contacts in telecommunications. To insist on competing in information systems was too high a risk. It could have damaged us elsewhere.

"We are now much leaner and more focused, with an organisation containing only those elements that are strategically important to position us as the leading international supplier of advanced systems and services for telecommunication networks," he argues.

In true Japanese style he has been developing a clearly defined culture for Ericsson which he is trying to spread throughout the company's *66,000 employees working in 80* different countries. "We believe in professionalism, humanity and endurance," he declares. "We want a common unity that will hold the company together. He talks of the Ericsson 'mission,' a kind of esprit de corps which involves a wider commitment than merely to the bottom line of the current account.

But then the company needs to create a sense of corporate unity with 30 manufacturing plants scattered round the globe. "Motivation is better done through self group responsibility," he adds. "My view is we should work locally and think globally."

Unlike other major Swedish manufacturers, Mr Svedberg's education is in engineering rather than finance or management. He graduated in 1962 from the Royal Institute of Technology in Stockholm. On a "study tour" of Ericsson he decided to stay.

Many successful businessmen in Sweden move from one company to another in what is a very small corporate world of talent. Mr Svedberg is different. "Why should I have ever left?"

Since Mr Svedberg became chief executive and president in 1977 the company has been transformed. "We used to be a safe and steady company working in a highly regulated and monopolistic market with few buyers," he recalls.

"The privatisation and deregulation of telecommunications since then has transformed *the industry. It is much* tougher now in a more open market for a supplier like us than it used to be."

Of its potential in the next decade he has no doubts. "In the next decade we are going to have a real breakthrough with radio-controlled phones," he believes.

The company already has more than 40 per cent of the world market for mobile phones, ahead of AT&T and Motorola, its global rivals. "There will be millions of them in use all over the world by the end of the century," he predicts. He expects the company to become a major beneficiary in the development of the pan-European digital mobile telephone system during the 1990s.

However, with 80 per cent of its sales outside Sweden he does not regard Ericsson as a *Swedish company, not even a* European one but "a high technology multi-company group, with Sweden as its financial centre."

Like others of his troubled countrymen, he worries about the return of the Swedish cost problem. But it looks unlikely to put Ericsson off its stride.

Notice of Redemption

HYDRO

Norsk Hydro a.s

U.S. $50,000,000

8½% Bonds 1992

NOTICE IS HEREBY GIVEN, that pursuant to Condition 4 (A) of the Bonds, U.S. $2,617,000 principal amount of the Bonds has been drawn for redemption, (U.S. $3,383,000 having been previously purchased by the Company) on March 1, 1990 at par together with accrued interest to March 1, 1990 of 8½% p.a.

Payments of principal will be made in accordance with Condition 6 of the Terms and Conditions of the Bonds on or after the redemption date at the specified office of any of the Paying Agents who are listed in the Terms and Conditions of the Bonds, against surrender of Bonds with all unmatured Coupons attached, failing which the face value of any missing unmatured Coupon will be deducted from the payment. Any amounts of principal so deducted will be paid against surrender of the relevant missing Coupon within a period of five years from the date mentioned on the Coupon or within ten years from the relevant date as defined in Condition 9 of the Bonds. Interest on the Bonds will cease to accrue from the redemption date. Bonds *will become void unless presented for payment within ten years from the* redemption date.

The serial numbers of the Bonds drawn for the mandatory instalment are as follows:-

19	2556	3843	5157	6441	7996	11663	14909	19054	21306	24663	33831	40720	41979	45678	46748
28	2562	3644	5161	6444	8005	11706	14914	19056	21652	24681	33833	40723	41986	45688	46755
36	2564	3653	5165	6446	8022	11712	14919	19058	21665	24665	33845	40727	42001	45689	46765
40	2573	3854	5179	6453	8026	11754	14927	19061	21692	24697	33847	40749	42015	45694	46774
46	2585	3856	5184	6454	8030	11757	14933	19062	21856	24700	33855	40757	42016	45721	46775
47	2591	3873	5189	6456	8036	11768	14935	19065	21857	24704	33872	40777	42017	45724	46777
60	2602	3884	5191	6457	8063	11773	15024	19068	21917	24718	33873	40784	42034	45725	48627
62	2608	3886	5195	6472	8074	11780	15073	19069	21924	24728	33887	40785	42038	45733	48636
67	2620	3868	5210	6475	8085	11796	15081	19078	21926	24739	33890	40790	42041	45742	48639
80	2625	3901	5213	6480	8087	11797	15217	19080	21930	24751	33895	40804	42046	45744	48642
83	2634	3913	5234	6484	8095	11807	15220	19089	21939	24758	34804	40815	42049	45762	48643
87	2639	3914	5235	6486	8109	11814	15307	19158	21951	24761	34809	40825	42067	45763	48647
95	2647	3925	5239	6493	8120	11815	15308	19330	21953	24773	34812	40831	42070	45768	48652
109	2650	3932	5265	6500	8122	11822	15310	19336	21956	24777	34826	40833	42080	45770	48676
117	2653	3933	5275	6509	8131	11825	15316	19349	21958	24783	34827	40845	42093	45778	48679
123	2671	3934	5291	6514	8144	11834	15338	19352	21960	24785	34829	40853	42112	45783	48681
126	2679	3937	5294	6531	8145	11865	15360	19366	21986	24787	34847	40871	42113	45799	48685
140	2700	3945	5297	6571	8166	11866	15363	19370	21990	24791	34856	40872	42123	45802	48697
148	2716	3947	5300	6613	8185	11871	15417	19372	21993	24794	34862	40873	42125	45804	48714
151	2721	3953	5306	6634	8189	11877	15421	19544	22004	24796	34876	40874	42131	45829	48728
165	2723	3971	5309	6638	8193	11879	15443	19547	23409	24801	34878	40876	42133	45830	48742
167	2726	3973	5313	6646	8211	11889	15504	19553	23411	24810	34879	40882	42135	45837	48748
172	2755	3974	5324	6647	8223	12026	15507	19576	23412	24830	34900	40898	42138	45838	48750
199	2758	3978	5345	6652	8244	12071	15515	19580	23413	24846	34903	40916	42142	45845	48775
204	2760	3979	5351	6653	8256	12075	15519	19594	23434	24853	34904	40918	42146	45847	48786
215	2766	3983	5357	6655	8267	12155	15521	19611	23437	24858	34907	40928	42157	45853	48798
231	2770	3992	5358	6668	8270	12199	15525	19621	23439	24859	34910	40936	42159	45859	48799
241	2775	3993	5362	6687	8297	12237	15526	19628	23443	24860	34922	40937	42160	45860	48812
297	2782	3996	5375	6707	8299	12241	15527	19632	23445	24863	34929	40944	42168	45861	48823
331	2785	4006	5385	6717	8324	12242	15528	19650	23454	24869	34942	40946	42169	45864	48832
442	2791	4016	5393	6728	8326	12255	15530	19655	23459	24879	34944	40960	42172	45872	48833
443	2847	4020	5403	6745	8328	12261	15545	19659	23477	24887	34956	40964	42188	45876	48857
444	2856	4041	5423	6752	8333	12267	15580	19660	23478	24919	34965	40970	42201	45880	48865
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462	2872	4061	5439	6781	8355	12330	15590	19677	23493	24956	35010	40997	42255	45900	48877
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471	2885	4139	5448	6815	8388	12482	15613	19684	23520	24972	35031	41019	42272	45910	48883
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477	2896	4145	5456	6825	8414	12511	15634	19690	23533	24985	35047	41030	42275	45918	48891
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514	2917	4219	5469	6859	8451	12785	15652	19735	23566	24996	35074	41062	42313	45941	49013
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518	2944	4223	5526	6868	8454	12829	15681	19766	23587	25040	35084	41079	42332	45943	49037
519	2954	4225	5541	6869	8456	12850	15690	19776	23589	25043	35404	41102	42333	45955	49040
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637	3042	4335	5637	6937	8521	13391	16040	19871	23642	25172	35485	41177	42415	46037	49105
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665	3080	4423	5683	7076	8544	14016	16254	19896	23879	25200	35620	41199	42454	46082	49178
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2289	3541	4855	6162	7692	9181	14556	17611	21016	24486	33550	40028	41764	44014	46533	49780
2294	3547	4872	6165	7706	9186	14559	17631	21019	24494	33553	40038	41768	44026	46537	49785
2301	3550	4874	6175	7723	9192	14569	17659	21024	24503	33555	40039	41776	44028	46547	49800
2312	3555	4877	6228	7727	9197	14575	17666	21029	24505	33557	40041	41785	44034	46552	49801
2319	3556	4885	6232	7745	9209	14582	17677	21033	24508	33563	40050	41800	44045	46556	49804
2325	3565	4894	6234	7751	9216	14665	17682	21038	24512	33583	40052	41808	44051	46558	49810
2326	3570	4897	6238	7754	9226	14668	17691	21044	24513	33595	40054	41809	44056	46559	49815
2337	3572	4900	6239	7763	9244	14675	17692	21051	24515	33600	40066	41811	44057	46564	49819
2339	3573	4916	6240	7768	9251	14679	17698	21059	24526	33609	40068	41813	44099	46566	49832
2348	3587	4921	6255	7786	9256	14688	17716	21121	24531	33612	40102	41816	44104	46567	49844
2364	3604	4933	6257	7787	9257	14692	17879	21129	24533	33613	40108	41824	44106	46583	49851
2368	3634	4945	6264	7788	9269	14704	17913	21132	24547	33620	40111	41831	44114	46585	49852
2371	3649	4959	6271	7814	11436	14713	17914	21133	24548	33629	40137	41832	44115	46590	49859
2375	3658	4963	6272	7815	11507	14715	17923	21142	24551	33646	40140	41840	44500	46597	49862
2414	3663	4973	6273	7828	11509	14721	17965	21144	24552	33667	40141	41842	45060	46598	49866
2417	3667	4996	6277	7830	11516	14724	17975	21151	24554	33669	40145	41850	45062	46599	49867
2435	3669	5001	6288	7836	11526	14726	18176	21152	24560	33677	40155	41861	45068	46604	49887
2445	3700	5043	6291	7837	11535	14732	18180	21162	24583	33679	40623	41879	45069	46607	49897
2448	3706	5044	6299	7845	11536	14736	18202	21168	24587	33689	40630	41882	45605	46614	49917
2455	3713	5045	6316	7847	11558	14737	18203	21183	24589	33710	40631	41885	45607	46631	49929
2464	3718	5050	6324	7849	11561	14767	18204	21186	24590	33714	40634	41894	45608	46633	49930
2476	3724	5057	6325	7850	11566	14798	18216	21188	24594	33717	40654	41898	45613	46640	49938
2481	3738	5076	6330	7855	11577	14804	18465	21193	24600	33718	40655	41900	45619	46645	49952
2485	3739	5093	6341	7864	11589	14806	18472	21194	24604	33729	40675	41909	45622	46658	49959
2494	3750	5100	6349	7871	11590	14813	18525	21197	24609	33754	40679	41922	45626	46661	49961
2498	3759	5103	6375	7873	11592	14823	18530	21206	24617	33758	40684	41924	45629	46669	49984
2500	3762	5106	6378	7874	11593	14824	18535	21207	24625	33767	40685	41925	45640	46671	50000
2501	3765	5107	6383	7877	11602	14827	18612	21208	24626	33775	40686	41930	45643	46691	
2506	3802	5119	6387	7882	11610	14837	18619	21224	24632	33795	40692	41937	45647	46693	
2507	3804	5130	6392	7883	11619	14856	18631	21225	24634	33801	40697	41941	45651	46697	
2510	3808	5132	6401	7901	11625	14872	18635	21226	24649	33804	40706	41945	45653	46701	
2516	3809	5133	6415	7955	11647	14887	18636	21282	24652	33808	40710	41952	45654	46708	
2517	3818	5150	6426	7971	11653	14889	18638	21293	24660	33818	40711	41953	45659	46723	
2535	3827	5155	6429	7987	11661	14894	19046	21298	24662	33823	40718	41957	45673	46736	

Bondholders' attention is drawn to Condition 6 on the Bonds which contains *information in respect of payment of such drawn Bonds.*

By: The Chase Manhattan Bank, N.A.
London, Principal Paying Agent

January 16, 1990

CHASE

INTERNATIONAL COMPANIES AND FINANCE

Film industry's domestic drama

Jim Bodgener on Turkish producers' fears about foreign film shows

Expectant, happy filmgoers throng the shabby foyer of the dingy cinema in downtown Ankara, queuing in the smoky, dimly-lit corridors to see the latest Steven Spielberg epic, Indiana Jones and the Last Crusade.

Without rancour, they put up with rudimentary seating, grimy decor and a scratchy and wavering soundtrack – the film is dubbed in Turkish anyway. When the audience leave, the rusty metal stairs flex dangerously under their weight.

The number of Turkish cinemas has dropped drastically to around 300 from 2,400 over 15 years as television and video have grown, an experience common in the 1970s for western cinema.

"Before we had television, my grandmother and aunts lived for the weekly visit to the cinema," a young professional says. "They would dress up for it – it was an occasion."

But this may change for the better soon, as Turkish cinema and video parlours cash in on a boom in sales. This has happened as consumer choice has been increased by the entry of foreign film and video companies, following the passing of an anti-piracy law at the end of 1986. Cinema owners can at last rake in the funds to spruce up their acts.

By next summer most of the seven major US studios will have cinema or video outlets in Turkey. Turkish viewers can now see western blockbusters shortly after their release in the US and Europe – the latest film star to wow Ankara was Roger Rabbit.

But indigenous producers, represented by their association Se-sam, are not so enthralled. They fear for their livelihoods, and represent the foreign invasion as an insidious attack on national culture. However, the Turkish film-going public has not shown such chauvinism in the past. "In the 1940s *and* early 1950s, Indian and Egyptian films used to be very popular in Turkey, just because of their simple, tearful emotions and glittering decor," says a young journalist.

The association is the moving force behind a proposed amendment to the 1986 Act, by which 25 per cent of Turkish *cinema's viewing time* would be devoted to home-grown products. The final straw for foreign-owned companies, however, would be that 40 per cent of their turnover and remittable royalties would be appropriated by a fund for the development of the local film industry.

"If the amendment is enacted, we'll leave," says Mr Sevket Gozalan, general man*ager of Warner Brothers Theat*rical and Video, a wholly owned subsidiary of the Hollywood giant. The company was the first to enter after the 1986 Act. "We only came because we could freely do business here, would be treated as equals alongside local companies and could freely remit profits."

Se-sam, the association representing Turkish film producers, *claims that the Turkish film industry* is facing the most dramatic crisis in its 75-year history, celebrated on November 14 last year

This is an attempt at intimidation, says Se-sam. Mustering a lobby of actors and media personalities, it claims the Turkish film industry is facing the most dramatic crisis in its 75-year history. This anniversary was celebrated on November 14 last year.

There are similar provisions in foreign countries to protect their indigenous industries, argues Se-sam. For instance the European Parliament has set a limit of 50 per cent for the showing of US films on the national television networks of EC member countries.

Around 60 films are made and screened annually in Turkey, some of them internationally acclaimed, such as The Fog, directed by Zulfu Livanelli. Another big success – domestically at least – has been Arabesk, which expounds *the fatalistic yet vibrant sub*culture in Turkey's gecekondu (night-built) suburbs which have mushroomed since the 1950s around the main cities.

Still prohibited, however, are the works of Turkey's best-known director outside the country, Yilmaz Guney, acclaimed for his penetrating studies of backwardness and prejudice in Turkish society such as Yol (Road) and The Wall. To the Turkish censor, these rank alongside such western profanities as Midnight Express.

Mr Guney died from cancer in exile in 1984. Now intellectual circles are pushing the responsibility for all the film industry's problems on to the state, said one of his leading actors, Ali Tutal, in a recent article in the Ankara-based Turkish Daily News. "Fine products always find investment," he wrote.

When video first entered Turkey in the early 1980s, the public rapidly tired of a diet of also-ran productions and kung-fu antics. But since 1987, increasing video turnover has illustrated the Turkish public's re-awakened appetite. The figure will rise from $14m in 1987 to an expected $22m in 1989.

However, video duplicators and distributors in Turkey are losing 80 per cent of their market to pirate operators, squeezing potential margins.

"If we make a small profit of 5 to 10 per cent annually, that's a success at the moment," says Mr Andrew Somper of AVT Elecktronik Sanayi ve Ticaret. A wholly owned subsidiary of AVT of the UK, it started up in October after an initial investment in excess of $3m. It is now at risk from the proposed amendments.

The courts have often refused to prosecute, interpreting the 1986 anti-piracy law narrowly to mean offenders *must be caught actually show*ing the pirated film or video for a conviction. On appeal, the Supreme Court has upheld their rulings. But viewed objectively, the Government is losing a substantial sum in value-added tax revenues to the black-marketeers.

Pressure is building on the Government from the General Agreement on Tariffs and Trade and the US to conform to international standards on the protection of intellectual property. The US Department of Trade has put Turkey on probation – if there are no improvements, sanctions could follow.

Notice was served on Turkey by Ms Carla Hills, US trade representative, last autumn over "recent disturbing developments," which implicitly included the proposed amendment. According to Mr Eric Smith, of the International Intellectual Property Alliance, Turkey had not enforced copyright protection adequately for all but sound recordings. However, Se-sam counters that national culture is not equitable with trade protectionism.

Se-sam has formidable political backing, in spirit if not in public, from the Culture Ministry and the minister responsible for the sector, Mr Namik Kemal Zeybek. Mr Zeybek is a right-wing nationalist appointed in the spring after the division of the former Culture and Tourism Ministry.

The amendment also has back-bench support within the ruling Motherland Party (Anap), and was lodged by another right-winger, Mr Gokhan Maras, Anap MP from Kirsehir in central Anatolia. Also, in the enlarged Cabinet following the election of President Turgut Ozal, formerly premier, there was a strong tilt to Anap's "holy alliance" of Islamic conservatives and right-wing nationalists.

The Government has allocated TL8bn ($3.5m) from this year's budget to subsidise the domestic film industry. The Government says it will also pay a TL500m fee for Se-sam to join the European Eurimages Association, which could become a new source of *finance for Turkish films* and lead to closer co-operation between Turkish producers and those in the rest of Europe.

Se-sam says nearly 30 Turkish films will receive government subsidies this year.

EC clears joint deal for satellite components

THE EUROPEAN Commission said yesterday that it had cleared on competition grounds an agreement between Alcatel Espace of France and ANT Nachrichtentechnik *of West Germany to* develop, produce and market electronic components for satellites, AP-DJ reports.

The commission said that the nature of the satellite industry meant companies which developed satellites together were obliged to market them together as well.

Once a satellite was in space, it was usually impossible to repair it, so customers *insisted on knowing* which companies had made the different components and all the relevant technical details, the commission said.

If companies marketed separately systems that had been developed jointly, clients might doubt their ability to co-operate if technical problems arose.

Software group to end exclusive deal with Apollo

By Louise Kehoe
in San Francisco

MENTOR Graphics, a leader in electronic design automation and the largest buyer of products from Hewlett-Packard's Apollo workstation division, is to make its software products available on rival Sun Microsystems workstations as well as those made by Apollo. This means it is ending its exclusive arrangement with Apollo.

Mentor also plans to acquire Silicon Compiler Systems, a developer of software tools for designing semiconductor chips, in a stock swap deal valued *at $110m.*

Mentor will still sell its products for Apollo workstations. However, the end of its deal with Apollo is seen as a disappointment for HP, which acquired Apollo last May.

GOLD MINING COMPANY REPORTS

RAND MINES

For the quarter ended 31st December 1989

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40 Holborn Viaduct, London EC1P 1AJ

Harmony Gold Mining Company Limited

(Incorporated in the Republic of South Africa)
Registration No. 05/38232/06
ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH

OPERATING RESULTS	Quarter ended 31.12.1989	Quarter ended 30.09.1989	6 months ended 31.12.1989
Ore milled (t)	2 392 000	2 500 000	4 892 000
Gold—produced (kg)	7 297	7 586	14 883
—yield (g/t)	3.05	3.03	3.04
Revenue (R/t milled)	100.83	98.05	99.41
Cost (R/t milled)	93.04	94.91	93.99
Profit (R/t milled)	7.79	3.14	5.42
Gold price received (R/kg)	33 052	32 313	32 675
FINANCIAL RESULTS (R000's)			
Revenue	241 180	245 125	486 305
Cost	222 543	237 266	459 809
Working profit	18 637	7 859	26 496
Sundry revenue—net	4 611	3 929	8 540
Profit before taxation and State's share of profit	23 248	11 788	35 036
Taxation and State's share of profit	2 218	1 986	4 204
Profit after taxation and State's share of profit	21 030	9 802	30 832
Capital expenditure	5 027	5 605	10 632

CAPITAL EXPENDITURE
There are commitments for capital expenditure amounting to R3.4 million. The estimated total capital expenditure for the remainder of the current financial year is R15.5 million.

For and on behalf of the board,
C. G. KNOBBS (Chairman) } Directors
H. G. MOSENTHAL

11 January, 1990

Durban Roodepoort Deep, Limited

(Incorporated in the Republic of South Africa)
Registration No. 01/00926/06
ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH

OPERATING RESULTS	Quarter ended 31.12.1989	Quarter ended 30.09.1989
Underground operations		
Ore milled (t)	245 000	401 000
Gold produced (kg)	799	1 149
Yield (g/t)	3.26	2.87
Revenue (R/t milled)	106.34	94.10
Cost (R/t milled)	106.47	107.67
Loss (R/t milled)	0.13	13.57
Sand treatment		
Sand treated (t)	160 000	156 000
Gold produced (kg)	129	105
Yield (g/t)	0.81	0.68
Revenue (R/t milled)	26.42	21.04
Cost (R/t milled)	11.25	11.06
Profit (R/t milled)	15.17	9.98
Gold Price received (R/kg)	32 654	32 692
FINANCIAL RESULTS (R000's)		
Revenue	30 313	41 019
Cost	27 924	44 903
Working profit/(loss)	2 389	(3 884)
Sundry expenditure—net	1 367	634
Profit/(Loss) before taxation and State's share of profit	1 022	(4 518)
Taxation and State's share of profit	—	—
Profit/(Loss) after taxation and State's share of profit	1 022	(4 518)
Capital expenditure (net)	392	1 111

DIVIDEND
No dividend was declared for the year ended 31 December 1989.

OPERATING RESULTS
Retrenchment benefits paid amounted to R0.8 million for the December quarter, compared with R4.2 million for the preceding quarter.

BORROWINGS
Borrowings amounted to R28.8 million at 31 December 1989, compared with R24.2 million at the end of the preceding quarter.

The total interest charge for the quarter ended 31 December 1989 was R1.4 million compared with R0.8 million in the preceding quarter.

GOLD HEDGING
The proceeds from hedging transactions completed during the quarter form part of revenue derived from the sale of gold. At the end of the quarter the company had sold gold in terms of its gold hedging operations as detailed below:

Quarter	Kilograms of gold sold	Average minimum realisable value per kilogram sold
1990—1st	199	R36 006
1990—2nd	271	R36 511
1990—3rd	271	R37 869
1990—4th	271	R39 259

CAPITAL EXPENDITURE
There are no commitments for capital expenditure.

Proceeds from the sale of assets totalling R0.1 million, compared with R0.2 million in the preceding quarter have been set-off against capital expenditure (net) reflected above. Proceeds from these sales are only brought to account when received.

For and on behalf of the board,
C. G. KNOBBS (Chairman) } Directors
P. VOS (Managing Director)

11 January, 1989

GENERAL NOTE
All financial figures are subject to audit

East Rand Proprietary Mines, Limited

(Incorporated in the Republic of South Africa)
Registration No. 01/00773/06
ISSUED CAPITAL AND SHARE PREMIUM: R183 303 163 IN 16 832 000 ORDINARY SHARES R70 000 000 IN 350 000 "B" CLASS VARIABLE RATE CUMULATIVE REDEEMABLE PREFERENCE SHARES

OPERATING RESULTS	Quarter ended 31.12.1989	Quarter ended 30 09 1989
Underground operations		
Ore milled (t)	430 000	395 000
Gold produced (kg)	1 566	1 677
Yield (g/t)	3.64	4.25
Revenue (R/t milled)	119.38	136.68
Cost (R/t milled)	134.05	170.31
Loss (R/t milled)	14.67	33.63
Sand Treatment		
Sand-Treated (t)	356 000	340 000
Gold produced (kg)	273	519
Yield (g/t)	0.77	1.53
Revenue (R/t milled)	25.33	49.14
Cost (R/t milled)	14.38	14.00
Profit (R/t milled)	10.95	35.14
Gold price received (R/kg)	32 820	32 192
FINANCIAL RESULTS (R000's)		
Revenue	60 351	70 699
Cost	62 759	72 032
Working loss	2 408	1 333
Sundry revenue—net	(436)	(594)
Net interest paid	5 021	3 261
Loss before taxation and State's share of profit	6 993	4 000
Taxation and States share of profit	—	—
Loss after taxation and State's share of profit	6 993	4 000
Capital expenditure	3 100	3 752
Interest capitalised	3 994	3 477

DIVIDEND
No dividend was declared for the year ended 31 December 1989.

BORROWINGS
The agreements with Government and major creditors were signed during the quarter. In consequence, during the quarter R16.2 million in interest paid, was refunded. In addition, R40 million of the Rand Mines Limited loan was converted into B class preference shares. At the end of the quarter borrowings amounted to R313 million compared with R337 million at the end of the preceding quarter.

GRADE
The yield from underground ore deteriorated by 0.61 grams per ton due to a decline in grade from certain sections of the mine, where stoping operations have been suspended pending further valuation investigations.
The yield from sand re-treatment deteriorated by 0.76 grams per ton due to the high grade Driefontein dump being depleted. Reclamation of the lower grade Cason dump commenced.

PUMPING ASSISTANCE
During the quarter a pumping subsidy of R2 million (previous quarter R2 million) was received from the State.

CAPITAL EXPENDITURE
There are commitments for capital expenditure amounting to R0.7 million.

For and on behalf of the board,
C. G. KNOBBS (Chairman) } Directors
E. H. J. STOYELL (Managing Director)

10 January, 1990

Blyvooruitzicht Gold Mining Company, Limited

(Incorporated in the Republic of South Africa)
Registration No. 05/09743/06
ISSUED CAPITAL AND SHARE PREMIUM: R6 000 000 IN 24 000 000 SHARES

OPERATING RESULTS	Quarter ended 31.12.1989	Quarter ended 30 09.1989	6 months ended 31.12.1989
Ore milled (t)	572 000	557 000	1 129 000
Gold produced (kg)	2 249	2 401	4 650
Yield (g/t)	3.93	4.31	4.11
Revenue (R/t milled)	130.37	139.26	134.68
Cost (R/t milled)	125.32	133.18	129.20
Profit (R/t milled)	4.85	6.07	5.45
Gold price received (R/kg)	33 106	32 302	32 691
FINANCIAL RESULTS (R000's)			
Revenue	74 459	77 562	152 021
Cost	71 683	74 181	145 864
Working profit	2 776	3 381	6 157
Sundry revenue—net	323	928	1 251
Profit before taxation and State's share of profit	3 099	4 309	7 408
Taxation and State's share of profit	977	741	1 718
Profit after taxation and State's share of profit	2 122	3 568	5 690
Capital expenditure	879	2 016	2 895
Dividend declared	1 200	—	1 200

DIVIDEND
Interim dividend No. 87 of 5 cents per share was declared on 11 December 1989 payable on or about 26 January 1990 to shareholders registered at the close of business on 29 December 1989.

CAPITAL EXPENDITURE
There are commitments for capital expenditure amounting to R0.3 million. The estimated total capital expenditure for the remainder of the current financial year is R2.8 million.

TRIBUTE AGREEMENT WITH DRIEFONTEIN CONSOLIDATED LIMITED
In terms of a tribute agreement between Driefontein Consolidated Limited and this company concluded on 26 July 1984, a share of profits amounting to R1 111 000 is due to that company for the quarter ended 31 December 1989. This amount has been taken into account in determining "Sundry revenue — net".

RATIONALIZATION OF MINING OPERATIONS
At the current gold price it has become necessary to cease operations in certain uneconomic sections of the mine. This requires a 14 per cent reduction in the current labour strength. Every endeavour is being made to relocate affected employees within the Rand Mines Group and elsewhere in the mining industry.

For and on behalf of the board,
C. G. KNOBBS (Chairman) } Directors
H. G. MOSENTHAL (Managing Director)

10 January, 1990

RAND MINES.
BREAKING NEW GROUND EVERY DAY.

Gold results expose mine dilemma

By Jim Jones in Johannesburg

RESULTS from four mines managed by the Rand Mines group underscored the dilemma facing South Africa's gold mines in the December quarter.

Rand-denominated gold prices are in general doing no more than matching working cost increases, compelling mine managers to seek alternative means of improving profits. Those mines which cut production and concentrated on mining higher grade ore zones improved their profits, but at the cost of suffering a drop in life expectancy.

Those which increased their processing rates and reduced grades saw profits slide and are also weighing up the advantages of lower production.

Blyvooruitzicht, which increased production and suffered a profit drop in the December quarter, says it is forced to cease operations in some uneconomic sections of the mine at present gold prices. The mine's labour force is to be reduced by about 14 per cent.

Underground operations at Durban Deep, the smallest of the group's mines, just failed to break even as ore production rates were sharply reduced and mining concentrated in the mine's remaining comparatively rich areas. At the same time an increase in the gold recovered from the residue reprocessing plant increased profits and restored the mine as a whole to profits. Nevertheless, the future of underground operations remains precarious.

East Rand Proprietary Mines (ERPM) lifted its milling rate but has since cut production following an unexpected grade drop in some underground sections. The mine has been recapitalised with Rand Mines converting a R40m loan into preference shares.

Last year Rand Mines wrote off its entire equity investment in ERPM, effectively stating that it never expects to receive dividends from the mine. Dividends are, in any event, not likely to be paid until the debt incurred in establishing new operating areas has been repaid.

Harmony, the largest of the four mines, cut ore production and unit working costs to substantially increase its operating profit.

RAND MINES GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Dec 89	Sep 89	Dec 89	Sep 89	Dec 89	Sep 89
Blyvoor	2,249	2,401	2.1	3.6	5.1	6.5
Durban Deep	928	1,254	1.0	(4.5)	27.1	(242.1)
ERPM	1,839	2,196	(7.0)	(4.0)	(60.6)	(67.5)
Harmony	7,297	7,586	21.0	9.8	59.5	15.6

Earnings per share calculated after tax and capital expenditure. Parentheses = negative

JCI mines lifted by higher recovery grades

By Jim Jones

HIGHER GOLD recovery grades and increased ore production rates gave rise to significant improvements in the financial performances of Randfontein and Western Areas, the two operating gold mines managed by the JCI group, in the December quarter.

Western Areas has been restored to profits, though capital spending still absorbs more cash than is earned. The mine has continued to increase the underground ore processing rate and to reduce the tonnages drawn from low-grade surface dumps.

Mr Bill Nairn, a director, says emphasis has been placed on establishing reserves on the comparatively rich Ventersdorp Contact Reef (VCR) and increasing production from that source. The mine has still to decide on how it will participate in JCI's plans to establish a new mine to extract deep ore to the south and west of the Western Areas property.

Randfontein's grades rose as operations moved into richer ground in the mine's Cooke section. Development continues to disclose comparatively poor ore grades in the new Doornkop section and Mr Nairn says emphasis is being placed on establishing ore reserves there rather than on extracting ore.

A similar strategy is being followed at the Joel mine being developed in the Orange Free State. Gold grades are extremely variable and the intention is to reduce the mine's vulnerability to this by establishing a wide spread of working places across the mine. At present development is largely aimed at opening ore on the mine's eastern and western flanks.

Mr Con Fauconnier, a director, expects operations to generate a profit towards the middle of 1990, though he cautions that this forecast depends on average recovery grades rising to about 4 grams per tonne (g/t) from the December quarter's 3.2 g/t.

JCI GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Dec 89	Sep 89	Dec 89	Sep 89	Dec 89	Sep 89
Randfontein	7,168	6,801	44.1	33.8	23.7	35.3
W. Areas	3,856	3,267	0.4	(18.3)	(9.8)	(58.2)

Earnings per share calculated after tax and capital expenditure. Parentheses = negative

Bangkok Bank up over a third

BANGKOK BANK, the Thai banking group which is the largest in the Asean region, showed a rise of more than a third in pre-tax profits last year to reach 4.20bn baht ($168m) compared with 3.13bn baht baht, Our Financial Staff writes.

Year-end assets were 413.2bn baht against 350.8bn baht by December 1988. Expanding in parallel, outstanding loans rose to 326.2bn baht from 271.3bn baht while deposits were given as 326.1bn baht.

Sime Darby floats part of unit

By Our Financial Staff

SIME DARBY, the Malaysian conglomerate, is today floating off a quarter of its Singapore subsidiary on the island's stock exchange to raise some S$125.1m (US$69.5m).

Until now it has had full ownership of Sime Singapore (SSL), an investment holding company which is involved in technical and consumer trading, a motor dealership, heavy equipment trading, packaging, property and insurance.

The move follows the decoupling late last year of the Malaysian and Singapore stock exchanges. However, Sime Darby Hong Kong, another offshoot of the parent group, has been quoted on that territory's exchange for some years.

According to Development Bank of Singapore, the lead-manager, SSL, will make a public offer of 108.75m shares at S$1.15 in a flotation which closes on January 31.

After-tax profit at SSL more than doubled to S$24.5m in the year to last June, and its directors forecast an outcome of S$27.2m for the current year. They also project a gross dividend of 4.7 cents on the enlarged capital.

● **Atlas Consolidated Mining and Development**, the Philippines' biggest copper producer, is expected to proceed with a rights offer soon although the local stock market has been weakened by last month's failed coup, **Reuter reports from Manila.**

US lenders warn Bond Corp over interest payment

By Chris Sherwell in Sydney

A GROUP of US lenders signalled yesterday that it would seek to wind up the brewing subsidiary of Bond Corporation if the company does not repay it US$510m plus $32m in overdue interest within 21 days.

The move adds a second threat to Mr Alan Bond's troubled Australian-based business empire.

It is already fighting the appointment of a receiver to the subsidiary, Bond Brewing Holdings, and seems certain to challenge this latest action as well.

The US lenders – US Trust Company and a group of 21 debenture holders – foreshadowed the action earlier this month, but formalised it only yesterday.

The interest payment fell due at the beginning of January, after the expiry of a 30-day grace period following an initial deadline at the start of December.

Bond claims the appointment of a receiver to the brewing subsidiary prevented the payment going ahead.

The appointment itself, on December 29, was made in response to a separate claim by a bank syndicate owed A$880m (US$733.3m).

Bond is challenging the appointment through the Victorian Supreme Court.

The court's hearings into the matter entered their third week yesterday. Among other things it emerged that another interest payment of almost US$9m due to holders of Swan Brewery paper was made from Bond Brewing operating funds on Friday, ahead of yesterday's deadline.

It also emerged that FAI Insurances, which last week reduced its exposure to the Bond group by taking over its coal mining operations, also agreed to extend by 14 days the January 12 deadline set for the Bond group's repayment of some A$120m in relation to the Emu brewery site in Perth.

In an increasingly complicated legal tangle, yesterday's confirmation by the US lenders that they were pressing ahead with an action followed separate but related Bond Corp moves in the Western Australian Supreme Court on Friday.

In these the group challenged the bank syndicate's stoppage of the interest payment and the US lenders' call for repayment of the whole loan.

The US lenders' objectives differ from the bank syndicate in that members of the latter hope to recover their money through the appointment of a receiver and a sell-off of Mr Bond's brewing interests.

The US lenders, if they cannot be repaid immediately, believe their best chance of recovering their money lies in outright liquidation.

Earlier this month Bond Corp successfully fought off an attempt by the Western Australian State Government Insurance Commission to put the whole group into liquidation. The Western Australian Supreme Court dismissed the bid, calling it an abuse of the legal process.

In a separate development yesterday, a Brisbane daily newspaper reported that the Queensland state government had lifted its stake in a lucrative nickel project controlled by Mr Bond's private company, Dallhold group, after a receiver was appointed to the company directly owning the project.

No confirmation was immediately available.

NZ BREWER BUYS INTO AUSTRALIA

MAGNUM, a New Zealand brewer which is a 72 per cent held unit of Brierley Investments, has bought 50 per cent of two Australian liquor chains, Reuter reports from Wellington.

It bought half shares in a private company that operates 27 stores in South Australia under the name Vintage Cellars, and in a chain of 40 outlets in Victoria called Mac's San Remo.

Magnum would not disclose the purchase prices, but the deals involved the same joint venture partners, Mr Lindsay Fergusson, Magnum managing director, said in a statement.

AMR Corporation
Successful defense advisory.

AMSTED Industries Incorporated
Divestiture of Henry Pratt Company to Pratt Acquisition Corp., a new company formed by BancBoston and management. Price undisclosed.

Applied Power Inc.
Acquisition of Barry Wright Corporation.
$150,000,000

Bancorp Hawaii, Inc.
Acquisition of FirstFed America, Inc.*
$140,800,000

Bank Creditors of LTV Aerospace and Defense Corporation
Advised the Creditors in connection with the company's reorganization under Chapter 11.

Bank of the West
Acquisition of Central Bank.*
$54,000,000

Beatrice Company
Financial advisory with respect to a recapitalization. Value undisclosed.*

Beatrice Company
Divestiture of Fisher Nut to The Procter & Gamble Company. Price undisclosed.

The Black & Decker Corporation
Acquisition of Emhart Corporation.
$2,700,000,000

Campbell Soup Company
Divestiture of H.T. Restaurants, Inc. to management group. Price undisclosed.

Centrust Savings Bank
Sale of certain branch offices to Great Western Financial Corporation. Price undisclosed.*

Chemical Banking Corporation
Acquisition of Horizon Bancorp.
$659,000,000

CNW Corporation
Advised the Special Committee of the Board of Directors in connection with the sale to Blackstone Capital Partners L.P., Donaldson, Lufkin & Jenrette Securities Corporation and management.
$950,000,000

Coca-Cola Bottling Co. Consolidated
Advised the Board of Directors in connection with the acquisition of Coca-Cola Bottling Company of West Virginia, Inc. Price undisclosed.

Contel Cellular Inc.
Acquisition of certain southeastern cellular properties of McCaw Cellular Communications, Inc.*
$1,300,000,000

CSX Corporation and Southern New England Telecommunications Corporation
Sale of the LIGHTNET joint venture to Williams Telecommunications Group, Inc.
$365,000,000

Dallas Cowboys Football Club, Ltd. and Texas Stadium Corporation (Bum Bright)
Sale of controlling interest in the Dallas Cowboys Football Club, Ltd. and 100% of the equity of Texas Stadium Corporation to Jerral W. Jones. Price undisclosed.

Digital Communications Associates, Inc.
Divestiture of Network Communications Group to RDN, Inc., an indirect wholly owned subsidiary of Racal Electronics plc.*
$28,000,000

Dresser Industries
Acquisition of Smith International, Inc.*
$650,000,000

Durso Supermarkets, Inc.
Sale of company to T.F. Acquisition Corp. Price undisclosed.

Emerald Acquisition Corporation, formed by Salomon Brothers Holding Company Inc and DP Kelly & Associates L.P.
Leveraged buyout of Envirodyne Industries, Inc.
$850,000,000

Empire of America Real Estate Services Corporation
Divestiture of Gallery of Homes to Central Venture Corp. Price undisclosed.

Fairchild Industries, Inc.
Sale of company to Banner Industries, Inc.
$270,000,000

Financial Security Assurance Holdings Ltd.
Sale of company to U S WEST Inc.
$345,000,000

Florida National Banks of Florida, Inc.
Sale of company to First Union Corporation.*
$850,000,000

GAF Corporation
Advised the Special Committee of the Board of Directors in connection with the sale to a management-led investor group.
$2,000,000,000

General Motors Corporation
Acquisition of a significant minority interest in Avis, Inc., a company majority owned by the Avis, Inc. Employee Stock Ownership Plan and senior management. Price undisclosed.

General Motors Corporation
Acted as financial advisor in the restructuring of an arrangement under which the Howard Hughes Medical Institute held approximately 100 million shares of General Motors class H common stock and related contractual arrangements.

GND Holdings Corporation, owned by Salomon Brothers Holding Company Inc, Miller Tabak Hirsch + Co., The Penn Traffic Company and Management Group
Leveraged buyout of The Grand Union Company.
$1,200,000,000

Goldome
Provided fairness opinion with regard to sale of Visa and MasterCard portfolio.

Hauser Communications, Inc.
Divestiture of Suburban Cablevision Company Limited Partnership to King Broadcasting Company.
$132,000,000

HBE Corporation
Divestiture of HBE Leasing Corporation to Norwest Financial, Inc. Price undisclosed.

Howard Hughes Properties, L.P.
Advised on the formation of a joint venture partnership in Playa Vista, L.P. between Maguire Thomas Partners, JMB Realty Corporation and Howard Hughes Properties, L.P. Value undisclosed.

IMCO Realty Services
Divestiture of IMCO Realty Services, Inc. to Fairfield Financial Holdings Inc. Price undisclosed.

John Hancock Property & Casualty Holding Company
Advisory regarding Unigard Security Insurance Company, a subsidiary of John Hancock Property & Casualty Holding Company.
$100,000,000

Johnson Controls, Inc.
Acquisition of Pan Am World Services, Inc.
$165,000,000

Kusan, Inc.
Sale to The Stolle Corporation, a subsidiary of Aluminum Company of America. Price undisclosed.

Laguna Niguel Resort Associates
Purchase of developable ocean front property in Southern California.
$131,000,000

LFC No. 31 Corp.
Advised on the sale of its minority interest in Ransburg Corporation to Illinois Tool Works Inc.
$175,000,000

Lone Star Industries, Inc,
Advised the company in connection with its financial restructuring. Value undisclosed.

Manville Corporation
Divestiture of Holophane Lighting Division to Holophane Company, a company formed by Raebarn Corporation and Acadia Partners.
$102,500,000

Manville Corporation
Divestiture of Sealing Components Division to Harbour Group. Price undisclosed.

MAXXAM Inc.
Divestiture of Ravenswood Works to Stanwich Partners, Inc. Price undisclosed.

Maytag Corporation
Acquisition of Chicago Pacific Corporation.
$958,000,000

Maytag Corporation
Divestiture of Maytag Furniture Group to LADD Furniture, Inc.
$200,000,000

Merchandise National Bank of Chicago
Sale to Edgewood Financial Corporation.
$18,000,000

National Intergroup Inc.
Divestiture of Flat Rolled Products Division to Noranda Inc.
$117,000,000

National Intergroup Inc.
Divestiture of Extruded Products Division to R.D. Werner Co., Inc. Price undisclosed.

NL Industries, Inc.
Advised the Special Committee of the Board of Directors in connection with the proposed sale to Valhi, Inc. of the 34% of outstanding common stock not already owned by Valhi, Inc.
$535,000,000

Ocean Drilling & Exploration Company (ODECO)
Advised the Special Committee of the Board of Directors in connection with the proposed sale to Murphy Oil Corporation of the 39% of outstanding common stock not already owned by Murphy Oil Corporation.
$362,000,000

Pancretec, Inc.
Advised the Special Committee of the Board of Directors in connection with the sale to Abbott Laboratories.
$54,000,000

Parker Hannifin Corporation
Divestiture of Automotive Aftermarket Parts Division to EPICOR Industries, Inc.
$80,000,000

The Penn Traffic Company
Leveraged buyout of Big Bear, Inc.
$394,000,000

Pennsylvania Enterprises, Inc.
Merger with NUI Corporation.*
$145,000,000

Philips Industries Inc.
Sale to a new company formed by Merrill Lynch Capital Partners, Inc.*
$710,000,000

Phillips Colleges, Inc.
Acquisition of Katherine Gibbs Schools and the Macmillan Technical Schools from Macmillan, Inc. Price undisclosed.

Phillips Colleges, Inc.
Acquisition of Rutledge Education System. Price undisclosed.

Pinnacle West Capital Corporation
Defense advisory.*

Pinnacle West Capital Corporation
Financial advisory with respect to MeraBank, a Federal savings bank, and other subsidiaries. Value undisclosed.

Poughkeepsie Savings Bank, FSB
Advising in connection with the potential sale of the company.*

Official Committee of Unsecured Creditors of Public Service Company of New Hampshire
Advising the Committee in connection with the company's reorganization under Chapter 11.*

Ramada Inc.
Restructuring and recapitalization.*
$1,200,000,000

Ramada Inc.
Divestiture of Marie Callenders Pie Shops, Inc. to Wilshire Restaurant Group, Inc.
$82,000,000

Senior Secured Creditors of Reading & Bates Corporation
Advised the Creditors in connection with the company's financial restructuring.

Resorts International
Advising in connection with the company's financial restructuring. Value undisclosed.*

Rochester Telephone Corporation
Acquisition of Urban Telephone Corporation. Price undisclosed.

Rochester Telephone Corporation
Acquisition of Inland, Midland, Lakeside, and Prairie Telephone Companies. Prices undisclosed.

Rosenbalm Aviation
Sale of company to Westronix, Inc. Price undisclosed.

Rymer Foods Inc.
Divestiture of Murry's Inc. to an investor group.
$28,000,000

Salomon Brothers Holding Company Inc
Sale of interest in TVX Broadcast Group Inc. to Paramount Communications Inc.
$144,000,000

San Diego Gas & Electric Company
Merger with SCEcorp.*
$2,600,000,000

Seagate Technology, Inc.
Acquisition of Imprimis Technology Incorporated, a subsidiary of Control Data Corporation.
$450,000,000

S.J. Groves & Sons Company
Divestiture of Western States Minerals Corporation to W.S. Holding Corp. Price undisclosed.

Security Pacific Corporation
Divestiture of Factoring Division to The Citizens & Southern Corporation. Price undisclosed.

Soo Line Corporation
Advising the Special Committee of the Board of Directors in connection with the proposed sale to Canadian Pacific Limited of the 44.2% of outstanding common stock not already owned by Canadian Pacific Limited.*
$204,000,000

Sovran Financial Corporation
Advising the Board of Directors in connection with the proposed merger with The Citizens & Southern Corporation to create Avantor Financial Corporation.*
$2,500,000,000

Storage Technology Corporation
Merger with Aspen Peripherals Corp.
$47,000,000

Sun Electric Corporation
Successful defense advisory.

Texaco Inc.
Provided advisory services and fairness opinion with regard to the design and adoption of a revised shareholder rights plan.

Tidewater Inc.
Successful defense advisory.

Time Warner Inc.
Divestiture of Scott, Foresman and Company to Harper & Row, Publishers, Inc., a 50%-owned affiliate of The News Corporation Limited.*
$455,000,000

The Toro Company
Acquisition of Lawn-Boy Inc. from Outboard Marine Corporation.
$101,000,000

The Travelers Corporation
Divestiture of Travelers Mortgage Services, Inc. Price undisclosed.*

Trustcorp, Inc.
Sale of company to Society Corporation.
$495,000,000

TRW Inc.
Acquisition of The Automotive Passive Restraint Systems Division of Talley Industries, Inc.
$129,000,000

TVX Broadcast Group Inc.
Divestiture of TVX of Miami, Inc. to CBS Inc.
$59,000,000

TVX Broadcast Group Inc.
Divestiture of TVX of Norfolk, Inc. to an investor group.
$10,700,000

TVX Broadcast Group Inc.
Divestiture of TVX of New Orleans, Inc. to an investor group.*
$7,100,000

TVX Broadcast Group Inc.
Divestiture of TVX of Memphis, Inc. to an investor group.
$6,800,000

Warner Communications Inc.
Financial advisory regarding Warner's interest in BHC, Inc.

Salomon Brothers

Head of European Investment Banking
Ronald M. Freeman
(01) 721 2001

*Pending

Salomon Brothers AG: Frankfurt Salomon Brothers Canada Inc: Toronto Salomon Brothers Asia Limited: Tokyo Salomon Brothers Australia Limited: Sydney, Melbourne Salomon Brothers Hong Kong Limited: Hong Kong Salomon Brothers Taiwan Limited: Taipei

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, January 15, 1990 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	59.6812	35.1950	41.0123
Albania	(Lek)	10.1456	6.1007	3.5977	4.1923
Algeria	(Dinar)	13.4011	8.0583	4.7521	5.5376
Andorra	(Fr Fr)	9.5750	5.7576	3.3953	3.9566
	(Sp Peseta)	182.45	109.7113	64.6985	75.3925
Angola	(Kwanza)	48.683u	29.9180	17.2634	20.1169
Antigua	(E Carr $)	4.509	2.7113	1.5989	1.8632
Argentina	(Austral)	2997.02	1802.1767	1062.7730	1238.4380
Aruba	(Florin)	2.9893	1.7975	1.0600	1.2352
Australia	(Aus $)	2.1005	1.2630	0.7448	0.8679
Austria	(Schilling)	19.755	11.8791	7.0053	8.1632
Azores	(Port Escudo)	247.00	148.5267	87.5886	102.0661
Bahamas	(Bahama $)	1.6630	1	0.5897	0.6871
Bahrain	(Dinar)	0.6278	0.3775	0.2226	0.2594
Balearic Is	(Sp Peseta)	182.45	109.7113	64.6985	75.3925
Bangladesh	(Taka)	52.00	31.2687	18.4397	21.4876
Barbados	(Barb $)	3.3589	2.0197	1.1910	1.3879
Belgium	(Belg Fr)	58.85c	35.3878	20.8687	24.3181
		58.85q	35.3278	20.8687	24.3181
Belize	(B $)	3.34	2.0084	1.1843	1.3801
Benin	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Bermuda	(Bermudian $)	1.6630	1	0.5897	0.6871
Bhutan	(Ngultrum)	28.00	16.8370	9.9290	11.5702
Bolivia	(Boliviano)	4.9766	2.9925	1.7647	2.0564
Botswana	(Pula)	3.11	1.8701	1.1028	1.2851
Brazil	(Cruzado)	20.3865	12.2588	7.2292	8.4241
British Virgin Is	(US $)	1.6630	1	0.5897	0.6871
Brunei	(Brunei $)	3.1443	1.8907	1.1150	1.2992
Bulgaria	(Lev)	1.3024	0.7831	0.4618	0.5381
Burkino Faso	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Burma	(Kyat)	10.7780	6.4810	3.8219	4.4537
Burundi	(Burundi Fr)	281.55	169.3024	99.8404	116.3429
Cambodia	(Riel)	249.45u	150	88.4574	103.0785
Cameroon	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Canada	(Canadian $)	1.9315	1.1614	0.6849	0.7981
Canary Is	(Sp Peseta)	182.45	109.7113	64.6985	75.3925
Cp Verde	(CV Escudo)	123.5466	74.2914	43.8108	51.0523
Cayman Is	(CI $)	1.3861u	0.8300	0.4915	0.5727
Cent.Afr. Rep	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Chad	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Chile	(Chilean Peso)	471.00	283.2230	167.0212	194.6280
China	(Renminbi Yuan)	7.8103	4.6965	2.7696	3.2273
Colombia	(Col Peso)	708.63	426.1154	251.2872	292.8223
Comoros	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Congo (Brazz)	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Costa Rica	(Colon)	141.3655	85.0063	50.1296	58.4154
Côte d'Ivoire	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Cuba	(Cuban Peso)	1.3307	0.8001	0.4718	0.5498
Cyprus	(Cyprus £)	0.7810	0.4696	0.2769	0.3227
Czechoslovakia	(Koruna)	27.27c	16.3980	9.6702	11.2685
		59.24t	35.6223	21.0070	24.4793
Denmark	(Danish Kroner)	10.89	6.5484	3.8617	4.5000
Djibouti Rep	(Djib Fr)	290.00	174.3836	102.8368	119.8347
Dominica	(E Carrib $)	4.509	2.7113	1.5989	1.8632
Dominican Rep	(D Peso)	14.0741	8.4630	4.9908	5.8157
Ecuador	(Sucre)	1091.23o	656.1815	386.9609	450.9214
		1066.37a	641.2327	378.1453	440.6487
Egypt	(Egyptian £)	4.313	2.5935	1.5294	1.7822
El Salvador	(Colon)	10.6541	6.4065	3.7780	4.4025
Equat'l Guinea	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Ethiopia	(Ethiopian Birr)	3.4298	2.0624	1.2162	1.4172
Falkland Is	(Falk £)	1.00	0.6013	0.3546	0.4132
Faroe Is	(Danish Kroner)	10.89	6.5484	3.8617	4.5000
Fiji Is	(Fiji $)	2.4781	1.4901	0.8787	1.0240
Finland	(Markka)	6.6278	3.9854	2.3502	2.7387
France	(Fr)	9.575	5.7576	3.3953	3.9566
Fr. Cty/Africa	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Fr. Guiana	(Local Fr)	9.575	5.7576	3.3953	3.9566
Fr. Pacific Is	(CFP Fr)	170.00	102.2248	60.2836	70.2479
Gabon	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Gambia	(Dalasi)	13.7793	8.2858	4.8862	5.6939
Germany East	(Ostmark)	2.82	1.6957	1	1.1652
Germany West	(DMark)	2.82	1.6957	1	1.1652
Ghana	(Cedi)	506.86	304.7865	179.7375	209.4462
Gibraltar	(Gib £)	1.00	0.6013	0.3546	0.4132
Greece	(Drachma)	262.60	157.9073	93.1205	108.5123
Greenland (Danish Krone)		10.89	6.5484	3.8617	4.5000
Grenada	(E Carr $)	4.509	2.7113	1.5989	1.8632
Guadaloupe	(Local Fr)	9.575	5.7576	3.3953	3.9566
Guam	(US $)	1.6630	1	0.5897	0.6871
Guatemala	(Quetzal)	4.7448	2.8531	1.6825	1.9606
Guinea	(Fr)	501.00	301.2627	177.6595	207.0247
Guinea-Bissau	(Peso)	1085.50u	650	384.9290	448.5537
Guyana	(Guyanese $)	49.97u	33	17.7198	20.6487
Haiti	(Goude)	8.35u	5	2.9609	3.4504
Honduras	(Lempira)	3.33u	2	1.1808	1.3760
Hong Kong	(HK $)	13.0085	7.8223	4.6129	5.3754
Hungary	(Forint)	103.2412	62.0812	36.6103	42.6616
Iceland	(Icelandic Krona)	101.00	60.7336	35.8156	41.7355
India	(Indian Rupee)	28.00	16.8370	9.9290	11.5702
Indonesia	(Rupiah)	3007.30	1808.3583	1066.4184	1242.6859
Iran	(Rial)	115.40	69.3000	40.9219	47.6859
Iraq	(Iraqi Dinar)	0.5165	0.3105	0.1831	0.2134
Irish Rep	(Punt)	1.0640	0.6398	0.3773	0.4396
Israel	(Shekel)	3.23	1.9422	1.1453	1.3347
Italy	(Lira)	2096.25	1260.5231	743.3510	866.2190
Jamaica	(Jamaican $)	10.6735	6.4182	3.7849	4.4105
Japan	(Yen)	242.00	145.5201	85.8156	100
Jordan	(Jordanian Dinar)	1.1122	0.6687	0.3943	0.4595
Kenya	(Kenya Shilling)	35.75	21.4972	12.6773	14.7727
Kiribati	(Australian $)	2.1005	1.2630	0.7448	0.8679
Korea North	(Won)	1.6199	0.9740	0.5744	0.6693
Korea South	(Won)	1135.85	683.0126	402.7836	469.3595
Kuwait	(Kuwaiti Dinar)	0.4852	0.2917	0.1720	0.2004
Laos	(New Kip)	1190.71	716.0012	422.2375	492.0289
Lebanon	(Lebanese £)	905.25	544.3475	321.0106	374.0702
Lesotho	(Maluti)	4.2438	2.5518	1.5048	1.7536
Liberia	(Liberian $)	1.6630	1	0.5897	0.6871
Libya	(Libyan Dinar)	0.4851	0.2917	0.1720	0.2004
Liechenstein	(Swiss Fr)	2.5150	1.5123	0.8918	1.0392
Luxembourg	(Lux Fr)	58.85	35.3878	20.8687	24.3181
Macao	(Pataca)	13.4764	8.1036	4.7788	5.5687
Madeira	(Port Escudo)	247.00	148.5267	87.5886	102.0661
Malagasy Rep	(MG Fr)	2181.75	1311.9362	773.6702	901.5495
Malawi	(Kwacha)	4.3655	2.6250	1.5480	1.8039
Malaysia	(Ringgit)	4.4920	2.7011	1.5929	1.8561
Maldive Is	(Rufiya)	15.9652	9.6002	5.6614	6.5971
Mali Rep	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Malta	(Maltese £)	0.5515	0.3316	0.1955	0.2278
Martinique	(Local Fr)	9.575	5.7576	3.3953	3.9566
Mauritania	(Ouguiya)	142.7182	85.8197	50.6092	58.9744
Mauritius	(Maur Rupee)	24.45	14.7023	8.6702	10.1033
Mexico	(Mexican Peso)	4487.18a	2698.2441	1591.1985	1854.2066
		4427.17d	2662.1587	1569.9184	1829.4090
Miquelon	(Local Fr)	9.575	5.7576	3.3953	3.9566
Monaco	(French Fr)	9.575	5.7576	3.3953	3.9566
Mongolia	(Tugrik)	5.6037o	3.3555	1.9871	2.3155
Montserrat	(E Carr $)	4.509	2.7113	1.5989	1.8632
Morocco	(Dirham)	13.33	8.0156	4.7269	5.5082
Mozambique	(Metical)	1406.52	845.7726	498.7659	581.2066
Namibia	(S A Rand)	4.2438	2.5518	1.5048	1.7536
Nauru Is	(Australian $)	2.1005	1.2630	0.7448	0.8679
Nepal	(Nepalese Rupee)	47.4965	28.5607	16.8427	19.6266
Netherlands	(Guilder)	3.1725	1.9076	1.1250	1.3109
N'nd Antilles	(A/Guilder)	3.006u	1.7977	1.0659	1.2421
New Zealand	(NZ $)	2.7315	1.6425	0.9686	1.1287
Nicaragua	(Cordoba)	39035.15	23472.7300	13842.2517	16130.2272
Niger Rep	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Nigeria	(Naira)	12.859	7.7324	4.5599	5.3136
Norway	(Nor. Krone)	10.83	6.5123	3.8404	4.4752
Oman	(Rial Omani)	0.6409	0.3853	0.2272	0.2648
Pakistan	(Pak. Rupee)	35.20	21.1665	12.4822	14.5454
Panama	(Balboa)	1.6630	1	0.5897	0.6871
Papua New Guinea	(Kina)	1.5948	0.9589	0.5655	0.6590
Paraguay	(Guarani)	2022.97	1216.4582	717.3652	835.9380
Peru	(Intl)	21335.60	12829.5850	7565.8156	8816.3636
Philippines	(Peso)	36.00	21.6476	12.7659	14.8760
Pitcairn Is	(£ Sterling)	1.00	0.6013	0.3546	0.4132
	(NZ $)	2.7315	1.6425	0.9686	1.1287
Poland	(Zloty)	15713.00	9448.5868	5571.9858	6492.9752
Portugal	(Escudo)	247.00	148.5267	87.5886	102.0661
Puerto Rico	(US $)	1.6630	1	0.5897	0.6871
Qatar	(Riyal)	6.0623	3.6453	2.1497	2.5050
Reunion Is. de la	(F/Fr)	9.575	5.7576	3.3953	3.9566
Romania	(Leu)	14.341	8.6229	5.0851	5.9256
Rwanda	(Fr)	124.45	74.8346	44.1312	51.4256
St Christopher	(E Carr $)	4.509	2.7113	1.5989	1.8632
St Helena	(£)	1.00	0.6013	0.3546	0.4132
St Lucia	(E Carr $)	4.509	2.7113	1.5989	1.8632
St Pierre	(French Fr)	9.575	5.7576	3.3953	3.9566
St Vincent	(E Carr $)	4.509	2.7113	1.5989	1.8632
San Marino	(Italian Lira)	2096.25	1260.5231	743.3510	866.2190
Sao Tome	(Dobra)	175.8343	105.7331	62.3525	72.6588
Saudi Arabia	(Riyal)	6.2448	3.7551	2.2144	2.5804
Senegal	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Seychelles	(Rupee)	9.00	5.4119	3.1914	3.7190
Sierra Leone	(Leone)	104.70	62.9585	37.1276	43.2644
Singapore	($)	3.1443	1.8907	1.1150	1.2992
Solomon Is	($)	4.0072	2.4096	1.4209	1.6558
Somali Rep	(Shilling)	684.70	411.7257	242.8014	282.9338
South Africa	(Rand)	4.2438c	2.5518	1.5048	1.7536
		5.5895q	3.3610	1.9820	2.3097
Spain	(Peseta)	182.45	109.7113	64.6985	75.3925
Spanish Ports in N Africa	(Sp Peseta)	182.45	109.7113	64.6985	75.3925
Sri Lanka	(Rupee)	66.50	39.9879	23.5815	27.4793
Sudan Rep	(£)	19.1215	11.4981	6.7806	7.9014
Surinam	(Guilder)	2.9726	1.7874	1.0541	1.2283
Swaziland	(Lilangeni)	4.2438	2.5518	1.5048	1.7536
Sweden	(Krona)	10.2025	6.1349	3.6179	4.2159
Switzerland	(Fr)	2.515	1.5123	0.8918	1.0392
Syria	(£)	35.07u	21	12.4361	14.4917
Taiwan	($)	43.20	25.9771	15.3191	17.8512
Tanzania	(Shilling)	318.30	191.4010	112.8723	131.5289
Thailand	(Baht)	42.70	25.6764	15.1418	17.6446
Togo Rep	(CFA Fr)	478.75	287.8833	169.7695	197.8305
Tonga Is	(Pa Anga)	2.1005	1.2630	0.7448	0.8679
Trinidad/Tobago	($)	7.0975	4.2678	2.5168	2.9328
Tunisia	(Dinar)	1.5067	0.9060	0.5342	0.6226
Turkey	(Lira)	3846.64	2313.0727	1364.0567	1589.5206
Turks & Caicos	(US $)	1.6630	1	0.5897	0.6871
Tuvalu	(Australian $)	2.1005	1.2630	0.7448	0.8679
Uganda	(New Shilling)	626.5673	376.7692	222.1869	258.9121
U A E	(Dirham)	6.1148	3.6769	2.1683	2.5267
United Kingdom	(£)	1.00	0.6013	0.3546	0.4132
United States	(US $)	1.6630	1	0.5897	0.6871
Uruguay	(Peso)	1383.57	831.9723	490.6276	571.7231
USSR	(Rouble)	0.9920	0.5965	0.3517	0.4099
Vanuatu	(Vatu)	185.00	111.2447	65.6028	76.4462
Vatican	(Lira)	2096.25	1260.5231	743.3510	866.2190
Venezuela	(Bolivar)	74.182	44.6073	26.3056	30.6537
Vietnam	(Dong)	7515.00	4518.9416	2664.8936	3105.3719
Virgin Is-British	(US $)	1.6630	1	0.5897	0.6871
Virgin Is-US	(US $)	1.6630	1	0.5897	0.6871
Western Samoa	(Tala)	3.745	2.2519	1.3280	1.5475
Yemen	(Rial)	16.2825	9.7910	5.7739	6.7283
Yemen PDR	(Dinar)	0.5678u	0.3430	0.2013	0.2346
Yugoslavia	(Dinar)	196539.0	118183.4034	69694.6808	81214.4628
Zaire Rep	(Zaire)	700.97	421.5093	248.5709	289.6570
Zambia	(Kwacha)	37.10	22.3090	13.1560	15.3305
Zimbabwe	($)	3.79	2.2790	1.3439	1.5661

Special Drawing Rights January 12, 1990 United Kingdom £1.25866 United States $1.32188 Germany West D Mark 2.22142 Japan Yen192.267 European Currency Unit Rates January 15, 1990 United Kingdom £1.38219 United States $1.21003 Germany West D Mark 2.03576 Japan Yen175.999

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; (u) Currency fixed against the US Dollar. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday, January 15, 1990.

INTERNATIONAL CAPITAL MARKETS

Turkey's debt strategy keeps lid on borrowing

By Jim Bodgener in Ankara

TURKEY had a model borrowing profile in 1989. Total debt stock declined in the first nine months by about 4 per cent to total $36.3bn, indicating it is over the mid-1980s hump of rescheduled debt payments.

The underlying philosophy was to borrow medium-term to match medium-term principal outflows. As an Istanbul-based foreign banker admits: "If you look at their strategy, it went very well. They did what they said they were going to do."

This year the debt stock is expected to decline further to about $34bn, depending on whether the internal budget deficit can be curbed.

A $1bn decline in total short-term debt over the nine-month period, to $6.7bn, is all down to the Government, says another banker. However, there was some medium-term borrowing to repay traditional short-term debts which the authorities wanted retired, such as central bank backstopped commercial paper issues.

Much fresh borrowing was, in fact, drawdown of already committed multi- and bilateral credit and development assistance. Net fresh borrowing needs out of the total $6.9bn debt-servicing, excluding IMF obligations, added up to about $4bn. Of this about $2.5bn was commercial and about $1.5bn multi- and bilateral.

Bankers say the maturity structure of the commercial portion is starting to be competitive – it has been extended to about five years on average, compared with about three years in 1987.

A recent $250m bond issue by Sumitomo Finance International was for six years, and the authorities now want to push for seven. Senior Treasury officials say the Government of Mr Turgut Ozal seeks to reduce its average borrowing rates to Libor plus 1 percentage point, rather than the present 1.5 percentage point.

Turgut Ozal: Government to cut borrowing rates

Deals are more attractive and interesting in terms of price and maturity. Increasingly, too, the central bank and Treasury are using more diverse and sophisticated instruments to tap funds.

Bond issues, for example, made up about 40 per cent of total new inflows. This year, it is hoped, listings will be secured in the Yankee and Samurai markets. However, the payments mix is still roughly balanced between commercial and multi- and bilateral funds.

Foreign currency reserves are at a record high of $8.5bn, after a current account surplus of $1.5bn in 1988. Since returning from deficit in mid-summer, surpluses have been growing progressively larger, reaching $646m for the first nine months. These have been ploughed back into reserves.

The current account is on track for another surplus of about $1bn by year-end. Reserves are now equivalent to between seven and eight months of imports, a doubling which comes in spite of an increase in the latter over two years.

However, there are some doubts. The largest contributing increase to the current account surplus came from expatriate workers' remittances, which totalled $2.21bn – an increase of 79 per cent over the period.

Expatriate workers have been taking advantage of the slow depreciation of the lira against hard currencies and make good profits by recycling their savings in and out of Turkey.

But dependence on volatile expatriate remittances is not necessarily healthy, as proved by the experience of the 1970s when Turkey last ran large current account surpluses.

Net tourism revenues fell back by 4 per cent over the 1989 nine-month period, to total $1.5bn. The foreign trade deficit also grew by 77 per cent, to $3.1bn.

There are fears that exports, which grew rapidly earlier in the 1980s, have reached a plateau now that previous rapid lira depreciation has slowed. Export tax rebate incentives were finally withdrawn in the spring to comply with Turkey's Gatt subsidy code obligations.

Once-lucrative Iraqi sales are almost stagnant.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on January 15

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria 9⅝ 93	140	102½	103	0	-0⅛	8.58
B.F.C.E. 8¾ 94	175	98¾	99⅛	-0¼	-0⅜	8.63
B.F.C.E. 9¼ 95	150	102¼	102¾	0	-0¼	8.68
Brit. Tel. Fin. 9⅝ 98	250	102⅝	103⅛	-0⅛	-0⅝	8.88
Canada 9 96	1000	102¼	102¾	-0¼	-0⅜	8.45
C.C.C.E 9¼ 95	300	102⅛	102⅝	-0⅛	-0¼	8.64
C.N.C.A 9⅜ 93	150	†101¼	101¾	0	-0¼	8.86
Credit National 8¾ 93	200	†99	99½	+0⅛	-0⅛	8.50
Credit National 7⅞ 92	100	97¼	97¾	0	0	8.60
Credit National 9½ 92	160	†102⅛	102⅝	0	-0⅛	8.55
Dai-Ichi Kan 9⅝ 92	150	101½	102	-0¼	-0⅜	8.88
Denmark 8¼ 94	150	†97¾	98¼	0	-0¼	8.74
E.E.C. 7 91	100	97¼	97¾	+0⅛	0	8.48
E.E.C. 10 93	140	†103⅜	103¾	-0⅛	-0⅛	8.68
E.I.B. 8½ 99	150	—	—	—	—	—
Eurofima 10⅛ 93	100	†104	104⅜	-0⅛	+1⅜	8.57
Elec.De France 9 98	200	101⅜	101¾	-0¼	-0⅜	8.73
Elec. De France 9½ 99	200	†103½	103⅞	-0⅝	-0⅞	8.92
Finland 9 96	250	101⅛	101½	0	-0⅜	8.69
Finn.Exp.Cd. 8½ 92	200	99⅝	100⅛	+0⅛	0	8.54
Finn. Exp. Cd. 9⅜ 95	200	102¾	102⅞	-0⅛	-0⅜	8.76
Ford Motor Credit 8 91	250	†98¾	99⅜	—	—	8.76
Gen.Elec.Cap.Corp. 9 93	500	†101⅛	101⅜	-0⅛	-0¼	8.51
Gen.Elec.Cap.Crp.10 1/2 91	300	101⅝	102⅛	+0⅛	-0⅛	8.69
G.M.A.C. 8¼ 94	500	†98½	99	-0¼	-0¼	9.07
G.M.A.C. 9 96	300	99⅜	100	-0¼	-0½	9.06
Gen.Mtrs.Corp. 9⅛ 92	200	100¾	101¼	-0⅛	-0¼	8.62
IBM Credit Corp. 8⅝ 92	400	100	100⅜	0	-0⅛	8.55
IBM Credit Corp. 8⅞ 91	250	100⅛	100½	0	-0⅛	8.68
IBM Credit Corp. 9 92	250	100¾	101⅜	0	-0¼	8.50
IBM Credit Corp. 9½ 92	250	101⅛	101⅞	0	-0⅛	8.60
Italy 8½ 94	1500	99¼	99½	-0¼	-0⅜	8.65
Italy 9½ 95	1000	103⅜	103⅞	0	-0¼	8.67
Italy 9⅝ 99	1000	104⅝	105	+0⅛	-0¼	8.82
Itoh C. W/W 4⅝ 94	1000	†111	112	-2¾	-4⅛	1.89
Japan Dev. Bank 10 96	200	105⅜	105¾	-0¼	-0⅜	8.78
KFW Intl. Fin. 9 94	300	101	101⅜	-0¼	-0⅜	8.67
L.T.C.B. of Japan 9¼ 92	200	101	101⅜	0	0	8.75
New Zealand 9 94	850	99⅞	100⅜	—	—	8.94
Nippon Tel.&Tel. 9⅞ 98	250	102⅝	103⅛	-0¼	-0⅜	8.89
Norway 8¼ 93	500	100½	101	0	-0⅛	8.45
Portugal 8¼ 91	300	†99	99½	+0⅛	+0⅛	8.89
Sumitomo Corp. W/W 4 93	1500	†122¼	123¼	-0⅛	-4¼	-2.27
Sweden 8¾ 96	200	—	—	—	—	—
Toyota 9½ 91	200	101⅛	101⅝	0	-0⅛	8.68
Toyota Mtr.Corp. W/W 4 93	1500	†103½	104½	-0⅞	-1	2.75
Victorian Rep 11⅜ 92	150	104¾	105¼	0	-0¼	9.05
World Bank 8¾ 99	1500	98⅞	99⅜	-1	-0⅞	8.57
World Bank 9 97	300	101¼	101¾	-0¼	-0⅛	8.70
World Bank 9 93	300	101⅜	101¾	-0⅛	-0¼	8.45
World Bank 9¼ 98	300	102⅜	102¾	-0⅝	-0⅝	8.80
World Bank 9⅝ 99	500	104⅜	105	-0¼	-0⅞	8.82
World Bank 9¼ 96	300	†104½	104¾	-0½	-0½	8.75

Average price change... On day -0⅛ on week -0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	91⅜	91⅞	+0⅜	+0⅜	8.13
Austria 6¼ 99	750	†92	92¼	0	+0⅛	7.98
Bk. Frgn.Econ.USSR 7 96	750	*†92¼	92¾	0	-0¼	8.66
Bank of Tokyo 5¼ 93	100	93¾	94¼	+0⅜	+0¼	7.99
Commerzbank o/s. 5⅜ 93	300	93½	94	0	-0½	7.80
Credit Foncier 6¼ 99	500	†91⅞	92⅛	0	+0⅛	9.06
E.I.B. 6¼ 99	600	88½	89	+0⅛	0	8.05
E.I.B. 6½ 99	300	—	—	—	—	—
E.I.B. 6⅝ 96	600	94⅝	95⅛	-0⅛	-0⅛	7.68
E.I.B. 6⅞ 95	300	94½	95	0	-2½	8.03
Euro.Coal & Steel 5⅞ 97	175	88¼	88⅞	-0⅜	-0½	8.04
Eurofima 6¼ 96	100	92	92½	-0¼	-0¼	7.82
Elec De France 5¾ 97	300	89	89½	-0½	-0¼	7.70
Hydro-Quebec 6¾ 99	300	†91⅝	92⅛	-0⅛	-0⅛	8.02
Japan Dev. Bk. 5⅜ 95	300	†88	88½	-0¼	-1	8.19
Japan Finance 5¾ 97	100	87½	88	+0¼	-0⅜	8.08
I.A.D.B. 7¼ 99	300	94⅝	95	+0⅛	+0⅛	8.03
Ireland 6½ 97	300	91⅛	91⅝	+0⅜	+0⅛	8.10
Ireland 7¼ 99	500	94	94½	-0⅛	-0⅛	8.14
Malaysia 6¼ 94	150	96	96½	+0½	+2⅜	7.25
Nat. West BK. PLC 6 98	300	†87⅜	87⅞	-0¼	+0¼	8.10
Nippon Telg.&Tel. 6 95	400	†91¾	92¼	-0⅛	-1½	6.65
Oesters. Kontbk. 5 93	300	91⅝	92⅛	-0⅛	-0⅛	8.12
Portugal 5¾ 92	150	94½	95	0	-0¼	8.09
Portugal 6⅝ 95	150	93½	94	0	-0¼	8.05
Privatbanken 5¼ 93	150	91¾	92¼	0	0	8.25
Royal Insurance 5½ 92	300	93⅞	94⅜	-0⅛	-1⅛	8.47
Turkey 6½ 95	500	†90⅜	90⅞	-0¼	-0¼	8.77
Union Bk. Finland 5½ 94	200	†91⅜	91⅞	0	+0⅞	8.02
World Bank 6 98	500	†87¼	87½	0	-0¼	8.06
World BK. 6¼ 97	600	90¾	91⅛	-0¼	-0¼	8.79
World Bank 6¾ 99	600	91⅞	92⅛	0	+0⅛	7.97

Average price change... On day 0 on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†86	87	+0½	+1	7.70
Asfinag 5 03	100	†80	82¼	-0⅞	-1⅞	7.22
B.F.C.E. 4½ 98	200	†84½	85½	+0⅜	+1	6.89
B.M.W.Fin.Neth. 5 13	150	†79½	80½	+0⅜	-3	6.72
Britannia B/S. 4¼ 94	100	†83	85	-0⅞	-2¼	8.77
CIR. Int. W/W 3 93	125	*†86⅛	86⅛	0	+0⅜	7.65
Credit Lyonnais 4¼ 00	100	†80½	81	-1½	-1¾	7.48
E.I.B 4⅝ 98	150	†83	84	0	-0⅜	7.31
Finn. Exp. Cd. 8¼ 92	75	†96½	98	-1¼	-3⅛	9.41
Fletcher Chall. 4⅞ 98	150	†74	75	+1⅜	-3⅛	9.46
I.A.D.B. 6 2004	200	†90	91	-1⅞	-2¾	7.06
Kobe City 4⅝ 98	150	†82½	83	-0¼	-1	7.43
Leeds Perm. B/S. 4⅛ 93	200	†88	88¼	+0⅜	+0⅛	8.45
Malaysia 5¼ 98	100	†80½	81½	0	+1¼	8.47
Maxwell Comm.Crp. 5 95	150	†82¼	83	0	+1¼	9.13
Nat. Bk. Hungary 5½ 94	75	†88	90	0	0	8.31
Nationwide Ang.B/S. 4 93	200	†89	91	+0⅞	+0⅞	7.41
Prov. Newfoundland 5 03	150	†81	82	0	0	7.14
Thailand 4⅝ 95	200	†83	85	0	+2⅛	8.37
World Bank 5 03	150	†83	83½	-0¼	0	6.94

Average price change... On day -0⅛ on week -0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6¼ 91	80	99⅛	99⅜	-0¼	-0¼	6.83
Canada 5⅝ 93	80	96½	96¾	-0⅜	-1	6.72
Eurofima 5 1995	20	92⅞	93¼	-0¼	-1⅛	6.64
E.I.B. 4⅞ 93	30	94⅞	95⅛	-0¼	-0⅜	6.69
Ireland 5⅞ 93	30	94	94½	0	-0⅞	7.14
Norway 5⅝ 95	50	93⅜	93⅞	-0¼	-1⅜	6.57
Sweden 4⅝ 93	50	94⅛	94⅜	-0⅛	-0⅜	6.59
World Bank 5⅛ 98	10	91½	92	0	-1¼	6.45
World Bank 7 94	20	101⅛	101⅝	-0¼	-0¼	6.61

Average price change... On day -0¼ on week -0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	96⅜	96¾	+0¼	+0½	11.19
Abbey Nat. 11⅝ 93 £	100	94¾	95¼	-0½	-1	13.72
Aegon 7¼ 92 Fl	100	99¼	99¾	0	0	7.94
Alg. Bk. Ned. 5¾ 93 Fl	200	93	93½	0	0	8.25
Austria 7½ 94 ECU	100	91⅝	92⅛	-0⅛	-0⅜	9.95
Barclays Aus. 13½ 91 A$	100	97⅞	98	-0¼	-0⅝	15.02
Belgium 8⅛ 94 Ecu	150	92¾	93¼	-0⅛	-0½	10.28
Bell Canada 10⅞ 04 C$	200	99¾	100⅜	-0½	-1¼	10.86
BP Capital 9¾ 93 £	100	90⅞	91⅜	-0⅜	-0⅝	13.25
British Airways 10 98 £	100	87½	88	-0⅜	-0⅞	12.47
Brit. Telecom 9½ 93 £	150	91	91½	-0⅜	-0⅜	13.03
Comm.Bk.Aust. 12⅝ 93A$	100	†94	94½	0	0	14.84
Comm.Bk.Aus.13¾ 94 NZ$	60	103¾	104¾	+0⅝	0	12.42
Credit Foncier 9 96 Ecu	100	95⅜	95⅞	-0¼	-0⅞	9.92
CrLocalFrance 9¼ 92Ecu	100	98	98½	-0¼	-0¼	10.05
Deut.Bk.Aus. 13⅜ 93 A$	125	98⅞	99⅜	-0⅛	+0¼	13.65
Deutsche Bk.Fin. 15 94 A$	100	103⅛	103⅝	-0⅛	-0⅜	13.84
Elec.De France 9¾ 99C$	150	93¾	94⅜	-0¼	-0⅝	10.76
E.I.B. 7 96 LFr	100	*†95	95	0	-0¼	8.08
E.I.B. 7⅛ 99 Fl	150	92¼	92¾	0	-0⅛	8.27
E.I.B. 9 99 Ecu	150	95⅜	95⅞	-0⅛	-0⅞	9.72
Eurofima 7⅝ 94 Ecu	100	92⅛	92⅝	0	-0⅜	10.01
Export Dv.Crp.8¾ 92Ecu	100	96⅝	97⅛	-0¼	-0½	10.31
Fed.Bus.Dv.Bk. 9 94 Ecu	100	95⅝	96⅛	-0½	-0⅝	10.17
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†96⅞	97⅜	+0⅛	+0¼	11.13
Ferrv. Stato 7⅜ 93 Ecu	100	92¼	92⅝	-0¼	-0⅛	10.51
Ford Cr.Can.10¼ 93 C$	100	†98⅝	99⅛	0	+0⅛	11.18
Ford Cred.Can.10⅞ 96C$	125	98⅜	98⅞	-0¼	-0⅜	11.18
Ford Cred.Fund.10¼ 93£	60	93⅜	93⅞	-0⅜	-0⅝	12.94
G.M.A.C. Canada 11 3/4 94 C$	100	101	101½	-0¼	-0⅜	11.33
Heineken 7⅜ 94 Fl	150	99⅛	99⅝	0	-0⅛	7.82
Hydro-Quebec 11 99 C$	400	100⅜	100⅝	-0¼	-0⅝	10.90
Lloyds Bank 10¼ 98 £	150	89	89⅜	-0⅜	-0½	12.43
Lloyds Bank 11⅜ 98 £	100	92	92⅝	-0½	-0½	12.85
Montreal Tst.10¼ 93 C$	100	†97⅜	97⅞	0	-0¼	11.56
Nat. Aus. Bk. 14¼ 94A$	100	99⅞	100⅜	-0¼	-0¼	14.68
New Zealand 9½ 93 £	100	90⅜	90¾	-0⅜	-0½	13.15
O.E.K.B. 10¼ 99 C$	150	96½	97	-0½	-0⅝	10.79
Royal Bk.Scot.10⅝ 98 £	125	90⅝	91⅛	-0½	-0¾	12.50
Saskatchewan 10¼ 93 C$	200	97⅜	97⅞	+0¼	+0½	11.02
State Bk.NSW. 13⅞ 93A$	100	97¾	98⅜	-0⅜	-0⅝	14.55
Sweden 7½ 93 Ecu	250	92¼	92⅝	-0⅜	-0⅝	9.97
Sweden 15 94 A$	100	102⅜	102⅞	-0¼	-0⅝	14.08
Toyota Mtr.Cr.10⅜ 94C$	150	†97⅛	97⅝	-0¼	-0⅜	11.04
Toyota Mtr.Cr.11⅜ 92C$	150	100	100½	+0¼	+0¼	11.18
World Bank 7⅛ 99 Fl	300	92¼	92¾	0	-0⅛	8.30
World Bank 10⅞ 94 £	200	94½	95	-0½	-0⅝	12.40
World Bank 13¾ 92 A$	100	102⅜	102¾	-0¼	-0¼	12.07
World Bank 14¼ 94 A$	75	101¾	102¼	-0⅛	-0⅜	13.57
Zentrspk. 13¼ 93 A$	75	†97⅜	97⅞	-0⅛	0	14.05

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.87	99.92	24/01	15.21
Bank of Greece 99 US	0¼	99.52	99.61	8/03	9¼
Belgium 91 US	0	100.07	100.17	21/02	8.81
Chelt.& Gloucester 94 £	.063	99.79	99.84	28/02	15.31
Credit Foncier 98 US	.063	99.90	100.00	20/04	8.31
Dresdner Finance 99 DM	.031	100.09	100.20	28/01	8.16
EEC 3 92 DM	0	100.20	100.30	22/02	6¼
Halifax BS 94 £	.1	100.00	100.05	9/02	15.16
Invt. In Industry 94 £	0⅛	99.94	100.09	17/01	15.19
Leeds Perm. B/S. 94 £	0⅛	100.02	100.07	15/01	15.37
Milk Mkt.Brd. 5 93 £	0⅛	99.87	99.92	29/03	15¼
New Zealand 5 97 £	.07	99.99	100.09	22/02	15¼
Northern Rock 92 £	0½	99.84	99.89	20/01	5¼
State Bk. Nsw. 98 US	.188	100.05	100.15	11/02	8.81
Woolwich Equit.BS. 93 £	0⅛	99.97	100.02	15/01	15.97
Woolwich 5 95 £	0⅛	99.97	100.02	22/02	15.31

Average price change... On day -0.01 on week +0.01

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	119¼	120¼	-2¼	0.33
Amer. Brands 7¼ 02 US	†9/87	56.7	116	117	-0⅛	1.81
CBS. Inc. 5 02 US	4/87	200.	96	97	-2	7.89
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	95⅛	96⅛	-0¼	8.75
Primerica 5½ 02 US	4/87	66.75	74	75	-0½	77.60
Eng.China Clay 6½ 03 £	9/88	4.8	96	97	-2¼	-0.30
Fujitsu 3 99 US	5/84	1106.	215½	216½	+1	-1.35
Ladbroke 5½ 04 £	6/89	3.55	102¼	103¼	-1⅛	12.09
Land Secs. 6¼ 02 £	6/87	6.72	88½	89½	-1⅜	15.68
Minolta Camera 2¼ 94DM	12/86	1004.	109	110	+0⅛	4.81
MCA Inc 5½ 02 US	9/87	69.62	98¼	99¼	-1¼	17.12
Mitsubishi Bk. 3½ 04US	5/89	3264.	90⅛	91⅛	-0¼	6.28
Next Plc 5¾ 03 £	11/87	4.3	96½	97½	0	325.61
Nishi Nipp.Bk.2⅞ 03 US	4/88	804.	147½	148½	-0½	-3.26
Omnicom Inc. 6 1/2% 04 US	10/89	28.	104⅛	105⅛	-0¼	18.36
Omron Tateisi 2⅞ 02 US	†4/87	1310.	292	293	+0⅛	0.92
Ranks Hovis 4¼ 03 £	1/88	3.5	122¾	123¾	-0⅜	-0.45
Redland 7¼ 02 £	1/87	5.4	110¼	111¼	-1⅛	0.12
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	86½	87½	-0⅛	50.46
Silicon Graphics 8 04 US	6/89	25.18	121½	122½	-0⅛	7.73
Sumitomo Bank 3¼ 04 US	2/89	3897.	84½	85½	0	7.52
Texas Inst. 2¾ 02 US	9/87	82.87	77¼	78¼	-0⅛	83.68
Utd.N'papers 8 04 £	10/89	8.77	120¼	121¼	-3¼	132.61
W.R. Grace 6¼ 02 US	9/87	42.12	93¼	94¼	-0½	26.86

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Bankers Trust International; Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse; ... International; Chemical Bank International; Citicorp International Bank; Daiwa Europe NV; ... Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; ... (Europe); Nomura International; Sanwa International; Samuel Montagu & Co.; ... Bank Corporation; UBS-Phillips & Drew; S.G. Warburg Securities; Wood Gundy

Salomon set to lead Japanese warrant issue

By Andrew Freeman

SALOMON BROTHERS is set to bring a $300m eight-year issue for Mitsui Toatsu Chemical at the end of January, which would make it the first non-Japanese securities house to be the lead manager of a dollar-denominated equity warrant issue for a Japanese company.

To date, large volumes of international equity warrant issues have been underwritten only by the four leading Japanese securities houses – Nomura, Yamaichi, Daiwa and Nikko. Recently, however, fears that Ministry of Finance officials in Tokyo were trying to bring regulation of the market back to Japan threw the sector into confusion.

Foreign securities have been busily lobbying the ministry to protect their investment in the warrants business. There is speculation that by granting preliminary approval for the Salomon mandate, the MoF was signalling a new phase in its relations with non-Japanese houses.

Mitsui Toatsu is believed to be considering three separate bond issues. A domestic convertible and a conventional $300m four-year equity warrant deal are thought to have been awarded to Nomura, while Salomon will bring an eight-year warrant deal. Neither house would comment on the mandates, saying discussion would be premature.

Analysts were quick to speculate on the possible terms of a warrants issue with such a long maturity.

Previous issues of more than four year's maturity have not always been well received by investors used to making short-term profits.

Talk that the coupon might be less than 4 per cent did not go down well, but the main interest was in the implied valuation of the warrants.

Elsewhere, the Eurobond market had a somnolent day, with trading much reduced by the holiday absence of Japanese and US business. Dealers said trading volumes were thin, while syndicate officials were pessimistically assessing the lack of new-issue possibilities.

Banco Santander de Negocias was the lead manager of a Pta10bn Matador issue for the World Bank. The bonds offered a 13.45 per cent coupon and were trading just inside fees at less 1.45 bid. Proceeds were swapped into floating-rate US dollars.

There was talk that the European Investment Bank was planning a jumbo Ecu issue, possibly as large as Ecu500m with a seven-year maturity.

Eurosterling bonds had a rough day as the gilts market continued its poor form. Five-year Eurosterling issues were down by about ½ point.

In Switzerland, UBS launched the latest in a series of public straight deals, a SFr100m 10-year issue for Toronto Dominion Bank. The borrower last tapped the Swiss market in 1983.

The pricing was judged as tight against recent domestic issues for bank names, but in very quiet conditions UBS was quoting the paper around co-managers' fees at less 2¼ bid. Both SBC and Credit Suisse declined to participate in the deal.

● The World Bank launched its first Hong Kong dollar deal of 1990, a HK$500m six-year swap-driven deal brought by Paribas Asia.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
PESETAS						
World Bank(a)♦	10bn	13.45	101	1995	1⅝/1⅛	B.Santander de Negocios
SWISS FRANCS						
Toronto-Dominion Bank(a)♦	100	7	100½	2000	2⅞	UBS

♦Final terms. a) Non-callable.

INTERNATIONAL BONDS

Kooijman sees advance in net profit to Fl 2m

KOOIJMAN Effectenkantoor, the Dutch stockbroking firm which is the subject of a take-over bid by Banque de Suez Nederland, a unit of Banque Indosuez of France, said its estimated net profit rose to Fl 2.15m ($1.13m) in 1989 from Fl 900,000 a year earlier, Reuter reports.

The forecast was given at a news conference held by Kooijman and Banque de Suez Nederland to announce that Suez was launching a public bid of Fl 30 per Kooijman share.

The companies added that Kooijman's UK unit, Kooijman UK, would be integrated with W.I. Carr, Indosuez's London brokers.

Last July Kooijman said the UK unit made a small profit in the first half of 1989 but noted the result was less than expected.

Kooijman had a first-half 1989 net profit of Fl 1.51m, just below the 1988 figure of Fl 1.54m.

Banque de Suez Nederland made Fl 22m gross profit in 1989, up from Fl 17.1m a year earlier, while its balance sheet total rose to Fl 2.8bn from Fl 2.2bn.

Fears over UK inflation send gilts reeling

By Martin Dickson

UK GOVERNMENT bond prices plunged yesterday, with the long end losing more than a point, as the release of December retail sales figures which were far worse than expectations heightened the market's fears over British inflation.

GOVERNMENT BONDS

The benchmark 11¾ Treasury stock due 2003/07 was quoted at the close 1⅛ down on the day at 107⅛. At that level it has a yield of 10.61 – the highest for three years. Among five-year bonds the 10 per cent Treasury 1993 fell by about ¾ of a point to 94⅛.

The market opened in nervous mood on the back of weekend press reports on the economy, and in particular the Ford dispute and other pressures for an inflationary wage spiral. The long end rapidly lost ¾ of a point and then fell further when news came that seasonally adjusted retail sales volume grew by 2.2 per cent in December – far ahead of City forecasts.

Producer price data, also released yesterday, were slightly better than the market had been expecting but provided nothing in the way of support.

Retail volume was reported to be light, with most of the movement accounted for by market-makers reducing prices. There were a number of minor attempts at a rally which were rapidly curbed.

In the futures market the March long gilt contract ended almost a full point lower – at 89.17 against 90.16 – after earlier falling to a record low of 89.06. The day's high was 89.29.

Analysts said that while it could be argued that the December retail figures were an aberration, the market was growing increasingly bearish about the economic outlook and there were few positive signs on the horizon.

At the same time they said the market was still absorbing the news that the Government's new year auction of gilts was being cancelled, thus removing an important prop to the long end of the market. This could push yields into new territory.

■ On the Continent, Government bond markets generally had a quiet and directionless day, due in part to the closure of Tokyo and Wall Street.

In West Germany, turnover was low as prices drifted in a narrow range. The federal Government's 7¼ per cent January 2000 bond was fixed at 98.41 after 98.40 on Friday, to yield 7.48. In late trading it was quoted about five pfennigs lower, at about 98.36. Some dealers reported an increasing underlying nervousness about the growing turmoil in the Soviet Union.

France also lacked direction, with the OAT 8⅛ due March 2000 quoted in late trading at about 93.88, down some 15 cents on the day, for a yield of 9.45.

The interest rate spread against German 10-year bond was slightly narrower, at just under 200 basis points.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	102-10	-16/32	12.56	11.94	11.99
		9.750	1/98	92-27	-32/32	11.12	10.76	10.67
		9.000	10/08	90-30	-38/32	10.08	9.90	9.70
US TREASURY *		7.875	11/99	98-09	-6/32	8.13	7.99	7.78
		8.125	8/19	99-07	-8/32	8.19	8.08	7.84
JAPAN	No 111	4.800	6/99	90.1383	+0.002	6.49	5.95	5.47
	No 2	5.700	3/07	95.3641	-	6.28	5.85	5.47
GERMANY		7.000	9/99	96.4100	-0.180	7.53	7.68	7.16
FRANCE	BTAN	8.000	10/94	92.1211	0.003	10.15	10.24	9.52
	OAT	8.125	5/99	91.6800	-0.130	9.49	9.58	8.98
CANADA *		9.250	12/99	96.4750	-0.125	9.81	9.78	9.47
NETHERLANDS		7.250	7/99	93.8200	-0.210	8.24	8.15	7.72
AUSTRALIA		12.000	7/99	94.8092	-0.104	12.96	12.98	13.05

London closing, *denotes New York morning session
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Ecu-linked 12% bond launched by Greece

By Kerin Hope in Athens

GREECE is offering a new one-year 12 per cent bond, index linked to the Ecu to protect investors from depreciation of the drachma. It is hoped at least 30bn drachmas will be raised.

The tax-free bond, which is being traded on the Athens Stock Exchange, is issued at par with a face value in both Ecu and drachmas. Interest and final payment are based on the Ecu but will be made in drachmas at the prevailing exchange rate on payment day.

The Bank of Greece said funds imported from abroad to buy the new bond could be converted freely and re-exported when the buyer sold or when the issue expired.

The bank noted that the D-Mark represented about 30 per cent of the Ecu's value and that the bond "provides the best possible protection against fluctuations in our currency."

It is Greece's sixth index-linked Ecu bond offering since May.

The five previous issues, all three-year bonds, raised a total of 235bn drachmas.

Zurich securities turnover at record

SECURITIES turnover in Zurich reached a record SFr639.9bn ($429.5bn) last year, 12.5 per cent up on the 1988 figure and just above the previous high of SFr636.4bn reached in 1987, John Wicks writes from Zurich.

The total includes all securities dealings in the canton of Zurich, but excludes dealings in covered warrants and other options, which are said to have risen sharply in 1989.

According to stock exchange figures, the number of listings rose from 535 to 566 shares last year, but those for bonds fell slightly from 2,376 to 2,370.

A total of 43 covered warrants and other options were listed. Market capitalisation jumped 25.3 per cent to SFr264.4bn for domestic equities.

Nikkei put warrants given enthusiastic welcome on Amex

By Deborah Hargreaves

THE American Stock Exchange launched trading in put warrants on the Nikkei stock index on Friday, to an enthusiastic reception. It is the first time the warrants have been traded on a US exchange and more than 3.2m changed hands on the first day.

The put warrants were issued in December by Denmark and are underwritten by Goldman Sachs. The warrants function in a similar way to an index option but they stretch over a longer time period – expiring in January 1993 – and there is a finite number of them.

In an attempt to provide a growing range of international products for its many retail users, Amex has been trading warrants for the past two years. The exchange initially listed warrants on D-Marks and Yen and currently lists 17 issues.

The Nikkei warrants are the exchange's first venture into international stock index warrants. They will be followed shortly by two similar issues; Salomon Brothers is issuing put warrants based on the Nikkei stock index for its parent and Banker's Trust is bringing a similar issue which will be underwritten by Merrill Lynch.

The Goldman warrants have a fixed exchange rate. This will be the case for Salomon's issue, while Banker's Trust warrants will have a floating rate, which could make them a more complex trading vehicle.

The put warrants' huge trading volume on the day of issue highlights the growth of interest in Japanese products in the US market.

Almost all US exchanges have derivative contracts based on a Japanese stock index on their books, but the Amex initiative marks the first time one of these products has traded.

The exchange is awaiting approval from the Securities and Exchange Commission to list an option on the Japan index which has been developed by the exchange to resemble the Nikkei 225.

Investors in world markets have long traded warrants on Japanese stock indices – most notably in the London Eurobond market – but the Amex venture is the first time these warrants have been publicly available in the US through an established exchange.

The Amex put warrants provide an opportunity but not an obligation for investors to sell the Nikkei 225 index at a specified price.

In this they provide downside protection in a falling Japanese market.

Meyer Int'l arranges first global syndicated credit

By Stephen Fidler, Euromarkets Correspondent

MEYER International, the UK distributor of building materials and timber, is arranging £150m in bank finance through Swiss Bank Corporation.

The transaction, the first international syndicated credit for the company, is split into two parts: a £100m five-year term loan and a £50m 364-day revolving credit with an extension option.

The term loan carries an interest margin of 0.3 percentage points, while the revolving credit has a commitment fee of 0.08 per cent and a margin on drawings of 0.2 percentage point.

Front-end fees for banks, being invited to join each part on a pro-rata basis, range down from 0.06 per cent.

The financing is designed to establish a core group of international relationship banks for the company, which has overseas operations in the Netherlands, the US and Australia.

● Corton Beach, the UK motor, food and leisure group quoted on the Unlisted Securities Market, has arranged a five-year £25m syndicated credit through Samuel Montagu.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Mon Jan 15 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Jan 12 Index No.	Thu Jan 11 Index No.	Wed Jan 10 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (203)	927.38	-0.6	12.28	4.60	9.93	0.39	933.28	949.65	948.37	827.17
2 Building Materials (27)	1145.19	-0.4	13.75	4.94	9.07	0.00	1150.09	1171.87	1167.56	1012.31
3 Contracting, Construction (36)	1563.74	-0.2	16.17	5.05	8.11	0.04	1567.16	1602.24	1603.96	1563.37
4 Electricals (10)	2632.99	-1.1	10.22	4.72	12.38	0.00	2662.36	2695.59	2699.23	2488.53
5 Electronics (30)	1963.37	-0.5	9.16	3.67	14.12	0.00	1973.59	2012.44	2024.21	1911.82
6 Engineering-Aerospace (8)	471.81	-1.3	12.74	4.68	9.68	0.04	478.07	489.02	486.37	0.00
7 Engineering-General (45)	492.48	-0.6	11.37	4.75	10.62	0.15	495.66	500.88	501.14	0.00
8 Metals and Metal Forming (6)	480.29	-0.2	24.55	6.26	4.60	0.00	481.33	492.88	497.52	471.67
9 Motors (16)	388.47	-0.4	13.69	5.43	8.56	0.00	389.98	397.31	397.67	271.20
10 Other Industrial Materials (25)	1714.40	-0.9	9.82	4.21	11.82	2.70	1729.15	1754.02	1738.61	1383.52
21 CONSUMER GROUP (179)	1313.69	-0.8	8.66	3.62	14.44	0.62	1324.10	1345.36	1343.13	1063.96
22 Brewers and Distillers (22)	1541.34	-0.2	9.31	3.41	13.33	0.00	1544.45	1568.17	1566.47	1171.22
25 Food Manufacturing (19)	1140.04	-0.9	9.53	3.88	13.04	1.48	1150.05	1167.25	1168.25	965.34
26 Food Retailing (16)	2281.00	-0.8	9.01	3.32	14.40	3.63	2299.12	2334.43	2316.37	1876.80
27 Health and Household (13)	2652.28	-0.9	5.90	2.47	20.17	0.03	2676.76	2737.86	2723.16	1868.44
29 Leisure (33)	1658.27	-0.2	8.09	3.56	15.22	0.24	1661.88	1683.63	1699.41	1407.31
31 Packaging & Paper (15)	590.08	-0.5	11.16	4.89	11.27	0.44	592.80	599.22	596.02	545.59
32 Publishing & Printing (17)	3722.30	-0.7	8.45	4.75	15.28	3.12	3746.96	3800.30	3772.98	3368.87
34 Stores (31)	797.23	-1.7	10.98	4.71	11.85	0.25	811.23	821.18	828.00	708.31
35 Textiles (13)	535.30	-1.3	10.80	5.68	11.23	0.00	542.26	547.27	542.74	483.47
40 OTHER GROUPS (102)	1196.67	-0.8	10.71	4.66	11.18	0.06	1205.71	1222.58	1219.13	936.07
41 Agencies (16)	1575.81	-0.9	6.71	2.28	18.30	0.05	1590.29	1617.14	1608.53	1106.65
42 Chemicals (22)	1247.90	-1.0	12.16	5.16	9.69	0.27	1260.17	1283.72	1286.55	1079.42
43 Conglomerates (13)	1676.60	-0.5	10.84	5.81	10.80	0.00	1684.21	1707.15	1697.68	1290.33
44 Transport (13)	2351.99	-0.8	10.29	4.09	12.38	0.00	2371.70	2405.21	2401.25	1967.98
46 Telephone Networks (2)	1219.29	-1.1	10.42	4.20	12.49	0.00	1232.28	1254.22	1244.88	1039.14
47 Water (10)	1958.88	+0.3	17.79	6.91	6.23	0.00	1952.26	1980.33	1963.34	0.00
48 Miscellaneous (26)	1940.96	-0.7	9.14	4.24	12.34	0.13	1955.22	1963.75	1971.79	1236.58
49 INDUSTRIAL GROUP (484)	1196.14	-0.7	10.19	4.18	12.00	0.40	1204.99	1224.06	1221.69	983.94
51 Oil & Gas (16)	2348.59	-0.1	9.19	4.86	14.38	0.00	2351.53	2383.86	2368.06	1806.36
59 500 SHARE INDEX (500)	1292.92	-0.7	10.06	4.28	12.28	0.37	1301.39	1321.54	1318.20	1053.79
61 FINANCIAL GROUP (114)	839.03	-0.4	-	5.06	-	0.18	841.99	852.59	855.52	708.19
62 Banks (9)	874.21	-0.6	19.60	5.74	6.71	0.00	879.10	890.30	890.58	695.83
65 Insurance (Life) (7)	1394.32	-0.2	-	4.76	-	0.00	1396.53	1406.20	1428.05	971.25
66 Insurance (Composite) (7)	709.40	......	-	5.33	-	0.00	709.10	717.46	719.68	546.90
67 Insurance (Brokers) (6)	1138.96	-0.5	6.52	5.53	20.41	0.00	1145.25	1162.06	1151.06	955.12
68 Merchant Banks (8)	485.64	-1.1	-	3.66	-	0.00	491.04	496.05	497.82	331.50
69 Property (49)	1203.62	......	7.62	3.57	16.61	0.11	1204.05	1226.18	1231.95	1242.61
70 Other Financial (28)	341.87	-0.9	12.34	6.16	10.63	1.04	345.09	347.49	348.59	356.61
71 Investment Trusts (68)	1258.31	-1.4	-	2.88	-	0.27	1275.65	1299.47	1299.32	970.28
91 Overseas Traders (5)	1552.32	-1.1	8.90	5.10	12.92	0.00	1570.28	1574.14	1558.25	1291.01
99 ALL-SHARE INDEX (687)	1184.17	-0.6	-	4.35	-	0.32	1191.71	1209.67	1207.72	966.78

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Year ago
FT-SE 100 SHARE INDEX‡	2366.2	-13.9	2366.4	2352.8	2380.1	2417.9	2412.6	2436.3	2431.3	1871.8

FIXED INTEREST

PRICE INDICES	Mon Jan 15	Day's change %	Fri Jan 12	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	115.43	-0.47	116.23	0.26	0.65
2 5-15 years	126.75	-0.88	128.23	0.35	0.43
3 Over 15 years	136.10	-0.98	137.45	-	0.00
4 Irredeemables	153.85	-1.16	155.66	-	0.00
5 All stocks	125.58	-0.76	126.83	0.29	0.47
Index-Linked					
6 Up to 5 years	141.43	-0.33	141.90	-	0.00
7 Over 5 years	139.82	-0.45	140.45	-	0.21
8 All stocks	139.83	-0.44	140.44	-	0.19
9 Debentures & Loans	105.18	-0.03	105.53	0.31	0.31
10 Preference	84.07	-0.01	84.24	0.16	0.16

AVERAGE GROSS REDEMPTION YIELDS		Mon Jan 15	Fri Jan 12	Year ago (approx.)
British Government				
1 Low	5 years	10.44	10.37	9.33
2 Coupons	15 years	10.06	9.86	9.81
3	25 years	9.95	9.82	8.93
4 Medium	5 years	11.61	11.38	10.33
5 Coupons	15 years	10.41	10.28	9.57
6	25 years	10.02	9.90	9.06
7 High	5 years	11.74	11.53	10.58
8 Coupons	15 years	10.59	10.46	9.74
9	25 years	10.13	10.02	9.09
10 Irredeemables		9.97	9.84	8.95
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	3.97	3.84	3.67
12 Inflation rate 5%	Over 5 yrs	3.67	3.64	3.71
13 Inflation rate 10%	Up to 5 yrs	3.13	3.00	2.51
14 Inflation rate 10%	Over 5 yrs	3.51	3.48	3.55
15 Debs & Loans	5 years	13.01	13.21	11.64
16	15 years	12.29	12.27	11.31
17	25 years	12.28	12.23	11.00
18 Preference		11.00	10.96	10.26

‡Opening index 2354.4; 10 am 2360.6; 11 am 2354.0; Noon 2356.6; 1 pm 2359.0; 2 pm 2355.8; 3 pm 2359.0; 3.30 pm 2357.4; 4 pm 2358.5 (a) 4.22pm (b) 10.51am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.
CONSTITUENT CHANGES: [illegible]
CONSTITUENT CHANGES: [illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	98	1
Corporations, Dominion and Foreign Bonds	8	14	18
Industrials	196	719	699
Financial and Properties	63	371	263
Oils	16	40	38
Plantations	0	5	5
Mines	34	48	78
Others	22	132	94
Totals	340	1,427	1,196

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$100	F.P.	-	101	98	Abtrust New Thai Inv.	98	-1	-	-	-	-
‡	F.P.	-	61	45	Do. Warrants	59	-1	-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+ or -
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+ or -
[illegible]							

[illegible]

TRADITIONAL OPTIONS

● First Dealings Jan 8
● Last Dealings Jan 18
● Last Declarations Apr 5
● For settlement Apr 17

For rate indications see end of London Share Service

Calls in Assoc. British Eng., Amstrad, Control Sec., Greenwich Res., Kelt Energy, Platignum, Premier Cons. and Queens Moat Houses. Call and Put in De Beers.

LONDON TRADED OPTIONS

THE LONDON Traded Options Market had a busy start to the week, against the background of an initial sharp fall in the underlying cash market. Traders think it is set to continue the high daily trading volume achieved last week.

The total market traded 30,210 contracts yesterday with volume relatively evenly spread between calls and puts. The call total was 17,241 and there were 12,969 put contracts traded.

The Footsie traded a total of 10,904 contracts with business fairly evenly spread; calls totalled 5,428 contracts and puts 5,476.

The most active stock option of the day was British Telecom. It traded a total of 1,995 contracts made up of 1,107 calls and 888 puts.

The busiest series in British Telecom was the February 300 puts trading a total of 704 contracts.

Shell Transport and Trading achieved the second highest volume on the day, trading 1,071 contracts. This was spread between 600 calls and 471 puts, the most active series being the January 460 puts which traded 360 contracts.

The package of the 10 recently-privatised water companies featured with the third highest volume on the day, a total of 1,045 contracts. Business in the package was concentrated in call buying with the total reaching 1,010 contracts compared to only 35 put contracts traded.

BTR and British Airways were also featured yesterday, trading 994 and 980 contracts respectively. Business in these options was evenly spread between calls and put. The busiest series was February 460 calls for BTR and April 200 puts for British Airways. These series traded a total of 503 and 290 contracts respectively.

Option		CALLS Jan	CALLS Apr	CALLS Jul	PUTS Jan	PUTS Apr	PUTS Jul
Allid Lyons	460	50	73	80	1	6	13
[illegible]							

Option		CALLS Jan	CALLS Apr	CALLS Jul	PUTS Jan	PUTS Apr	PUTS Jul
Storehouse	110	11	19	21	1½	6	10
[illegible]							

Option		CALLS Jan	CALLS Mar	CALLS May	PUTS Jan	PUTS Mar	PUTS May
Polly Peck	390	16¼	37¼	51¼	4½	16¼	22¼
[illegible]							

FT-SE INDEX (*2361)

January 15. Total Contracts 30,210 Calls 17,241 Puts 12,969
FT-SE Index Calls 5,428 Puts 5,476
*Underlying security price. † Long dated expiry months

Savings from Chamberlain Phipps turning out to be £1.5m better than forecast

Evode shows 28% expansion to £11.6m

By Clare Pearson

EVODE, the plastics and chemicals group, yesterday said that the integration benefits of its £87m acquisition of Chamberlain Phipps, the shoe components and adhesives concern, were turning out to be better than expected.

As Evode announced pre-tax profits up 28 per cent at £11.6m (£9.04m) for the year to end-September, it said that annualised savings from Chamberlain Phipps were now set to exceed £5m, at least £1.5m greater than forecast with the acquisition in May.

The savings, which would be realised in part in 1990 and in full the following year, should "go some way towards counteracting the current domestic *slow-down in demand*".

Alan Harper

David Winterbottom (left), chief executive, Andrew Simon, chairman, Tony Wain, finance director

Turnover stood at £197.4m (£122.4m). The widening margin reflected the impact of four months' trading from Chamberlain Phipps, almost no profit from the polythene film businesses (now sold), difficult conditions for certain other of the UK operations, and a much bigger interest charge.

After the all-paper Chamberlain purchase, fully diluted earnings per share were down 2 per cent at 13.1p (13.37p). The final dividend is set at 4.42p, making 6.04p (5.25p).

Evode said that a number of its businesses, including Chamberlain's CP Coatings division, were being affected by the sluggish UK economy. But it emphasised that about half of projected group sales were now generated overseas, where trading conditions were generally better.

Operating profit rose to £15.1m (£10.38m). Within this, adhesives and sealants, which strengthened market share in some DIY areas, made £3.48m (£2.93m). Plastics, boosted by non-UK *acquisitions, returned* £5.03m (£2.13m).

Industrial coatings, depleted by the sale of the UK automotive business of Supra Group, but boosted in sales terms by *CP Coatings, fell to £4.41m* (£5.32m). Chamberlain Phipps (Shoe Components) made £1.98m.

Net gearing at the year-end stood at 74.4 per cent. Evode said this was acceptable given the heavy goodwill write-offs arising from its bigger acquisitions.

● COMMENT

The full price Evode paid last summer to win Chamberlain Phipps from rival bidder Bowater Industries only looked sensible if you had faith in the company's ability to realise the potential for cost-saving within Chamberlain's sprawling operations. Evode's *confidence* that these benefits are indeed coming out of the woodwork is, therefore, reassuring. The pre-tax line in these figures was, however, slightly disappointing and the company was yesterday being distinctly cautious on what it called a "mixed" trading outlook in the UK this year. Forecasts are slightly tentative but a pre-tax figure in the region of £20m looks reasonable. At current levels for the shares, which have bounced recently after a wretched 1989 performance, *the prospective p/e is about 9.5.* Especially given the much improved prospects for the company on, say, an 18-month view, it is hard to see the shares suffering a further battering.

French agency joins push into UK with £32m bid for KLP

By Alice Rawsthorn

RSCG has become the latest French advertising agency to expand in the UK with a £32m agreed bid for KLP Group, one of the UK's largest sales promotion consultancies.

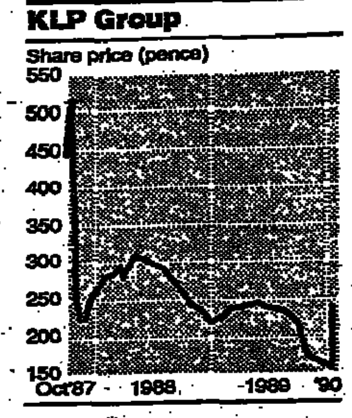
In recent months French advertising agencies have staged a series of acquisitions in the UK and other European countries. Last week Boulet Dru Dupuy Petit bought a minority interest in Broad Street, the public relations group. Late last year Eurocom took control of WCRS's advertising interests.

RSCG, which is a private company, is offering 238p cash for each KLP ordinary share – with a partial loan note alternative – and 87p in cash for every convertible preference share. *KLP's share price soared* by 73p to 233p on the announcement yesterday.

Mr Bernard Roux, chairman of RSCG, said the acquisition of KLP offered an opportunity *for the company to expand its* interests outside advertising and to establish a larger base in the UK.

RSCG, which was founded 20 years ago, is the third largest *advertising agency in France.* It has expanded into other areas of marketing within France and, since the mid-1980s, it has diversified into other European countries and the US.

KLP Group



It made more than half its *pre-tax* profits of FFr168m (£17.6m) – on turnover of FFr4.11bn - outside France in 1988. Until the KLP offer, its interests in the UK have been restricted to two small ad agencies.

Mr Colin Lloyd, chief executive of KLP, said the offer from RSCG offered an opportunity to accelerate its expansion. "Together we will be able to grow more quickly," he said.

KLP is one of the largest sales promotion consultancies in the UK. Since going public seven years ago it has staged a series of acquisitions to extend its interests into Europe, the US and the Far East.

Its stock market career has been clouded by problems ranging from a long running legal dispute with Asda, the retail group, to the disruption caused by the postal strike 18 months ago.

Yesterday KLP also announced a 77 per cent *increase in pre-tax* profits to £4.55m (£2.57m) on sales which rose by 71 per cent to £10.37m (£6.06m) in the year to September 30. Earnings per share increased to 22.21p (13.3p). A final dividend of 5p (4.4p) is proposed making a total of 7.5p (6.5p).

Mr Lloyd said the US and European companies had fared well, but the UK consultancies suffered from the slowdown in marketing expenditure in the second half. Clients in the UK adopted a "wait and see" attitude, he said, but business had since recovered. The company was also affected by increased interest payments due to higher rates and an increase in working capital.

When the KLP acquisition is completed RSCG plans further expansion. Mr Roux said it was also involved in negotiations to buy a design business in the US and for a Far Eastern joint venture.

See Lex

Medirace bid gains approval

By Peter Marsh

SHAREHOLDERS in Medirace, a drugs company, yesterday overwhelmingly approved the terms for a £87m takeover of Evans *Healthcare*, a *much bigger* medicines business.

They also approved, at the extraordinary meeting in London, a change of a name to Medeva. The shares will have a full *listing* and begin trading today.

Medirace was formed in 1987 when it was traded on the Third Market. Its shares were suspended at 127p in November after it announced it was in talks with Evans.

Evans, which is mainly a supplier of off-patent generic drugs, has sales running at about £50m a year – some 50 times more than those of Medirace prior to the acquisition.

Medirace has become known mainly for its development of Contracan, a drug which some believe could be a breakthrough against AIDS and some kinds of cancer.

Trials with the drug are still at an early stage.

Mr Ian Gowrie-Smith, Medirace managing director, said the main task for the company *in the next few months would* be to complete the integration of Evans.

Higgs and Hill rejects predator's claims

By Ray Bashford

HIGGS AND HILL yesterday rejected the claim by YJ Lovell that its takeover offer values the competitor in the house-building and construction industry at 490p per share.

The attack on the Lovell claim came as both sides stepped up the tempo of the fight in the run-up to Saturday's closing date. Higgs and Hill said the valuation contained in a full page newspaper advertisement on Monday was "illusory."

Lovell announced its final and revised offer earlier this month which consisted again of two cash and share alternatives.

H and H directors said that when Lovell announced its final offer the shares increased sharply because it was "widely felt" that the offer was inadequate. "The alleged value of Lovell's offer is therefore based on a share price inflated by the expectation of failure," they added.

Aberdeen Trust back in the black for first half

By Nikki Tait

ABERDEEN TRUST Holdings, *the unquoted financial services* group which took over Fredericks Place Holdings last autumn, reported pre-tax profits of £509,573 in the six months to end-September.

In the same period a year earlier, the company turned in a loss of £426,377.

The profit was made on turnover of £89.5m (£20.5m) and at the trading level reached £1.68m compared to a *loss* of £89,789.

However, interest payable took £570,203 (£90,375), and interest payable on loan stock and loan notes consumed another £613,818 (£222,130).

Earnings per share were 1.68p (loss 3.59p).

There is an interim dividend of 0.5p (nil).

FPH – initially known as Hill Woolgar – has had a complex history, expanding rapidly *in the mid-eighties and* winning control of the Country Gentlemen's Association in the face of a rival bid from Bestwood.

However, in the wake of the 1987 *stock market crash its* fortunes changed and losses emerged.

Shares in Aberdeen Trust, a financial services business set up in 1983, are traded under the Stock Exchange's matched bargain facility.

The all-paper offer for FPH has given some FPH shareholders very small stakes in Aberdeen Trust. As a result, Aberdeen is offering them the opportunity to sell holdings commission-free via Bell Lawrie, the Scottish stockbrokers. Holdings up to 10,000 shares may be disposed of in this fashion.

Prudential maintains its lead

By Eric Short, Pensions Correspondent

THE PRUDENTIAL Corporation, one of the largest financial services groups in the UK, maintained its commanding lead in the growing personal pension market *last* year.

The group issued 225,000 personal pension contracts used to contract out of the State earnings-related pension scheme (Serps) – around 15 per cent of the market – *together* with a substantial number of ordinary personal pensions.

The new business figures the Pru issued yesterday showed that annual premiums on personal pensions business increased by nearly one-third to £138m (£105m) while single premiums doubled to £271m (£134m), the latter figure including £212m (£110m) of payments from the DSS in respect of contracted-out personal pensions.

The Pru's corporate pensions business was also buoyant, with annual premiums rising by *almost a third to £37m*, thanks to a healthy expansion of its Additional Voluntary Contribution (AVC) business and single premiums up by more than 60 per cent to £386m.

These figures offset a decline in mortgage-related business against the background of a severe downturn in the housing market.

New annual premiums were £33m (£41m), an improved position compared with the interim stage – an improvement that arose from a continued emphasis on first-time buyers; the right-to-buy market; and considerably increased business from Prudential Property Services, the estate agency arm.

Industrial branch business was virtually unchanged last year with annual premiums of £65m (£66m).

Overall, UK life business saw annual premiums rise 13 per cent to £325m and single premiums by 55 per cent to £772m.

International life and pension business was also good in 1989, with all territories showing substantial increases. Life and pension business from Mercantile & General Reinsurance, the reinsurance subsidiary, were good.

So on the Pru's total worldwide business, new annual premiums were up by a quarter to £619m and single premiums by 30 per cent to £2.32bn.

UK COMPANY NEWS

M and S shares fall on fears of $30m write-off

By Maggie Urry

MARKS AND SPENCER shares yesterday fell 5p to 197p reflecting fears that the move by Federated Department Stores and Allied Stores, both owned by Campeau Corporation, to file for protection under Chapter 11 of the US bankruptcy laws would affect an agreement M and S has with the North American group.

Analysts said, however, that the share price fall was an over-reaction to a report saying M and S might have to make a $30m (£18m) write-off, since the cost to M and S of the agreement, covering preferential rights to shop sites owned by Campeau, had already been written off in 1988.

When M and S acquired Brooks Brothers, the US menswear retailer, from Campeau for $750m in May 1988, $30m of the price was ascribed to a preferential right granted to M and S to open shops within Campeau's 42 shopping malls and in-store food departments during a five and three year period respectively.

A further $50m of the purchase price was assigned to a "non-competition" deal under which Campeau would not set up a specialist menswear retailer in the US or Japan for five years.

These two agreements allowed M and S – criticised by UK analysts who said the group was overpaying for Brooks Brothers – to say it was paying $670m for the retailer, bringing the historic exit multiple down to 27. It was also a tax efficient method of arranging the deal.

The $80m cost of the two agreements was written off, as part of a £340m goodwill write-off, at the time of the Brooks Brothers acquisition.

So far M and S has not made use of the preferential right. The group was uncertain yesterday how the Chapter 11 filing would affect it.

Lambeth Howarth ups profit forecast

By John Thornhill

LAMBERT HOWARTH, the footwear and luggage group which last year repulsed a takeover bid from Peter Black, announced yesterday that its profits for 1989 would be "considerably higher" than the £1.25m forecast during the bid battle with the consumer products company.

The announcement sparked a 5p rise in Lambert's share price to 173p. The results will be published in March.

Lambert Howarth said sales and the benefits of rationalisation had exceeded expectations and would result in higher profits. Borrowing costs had also been reduced by the sale of its Custom Cases subsidiary and a property at York Way, London.

Rentokil pays £3m for Thermochem

Rentokil, the pest control company, has paid £3.03m cash for the business of Thermochem, a Salisbury-based supplier of water treatment chemicals and related services.

In 1989 Thermochem made estimated turnover of £2m and profits of £367,000.

Mounting pressure for a better solution

Peter Marsh on the lead-up to the onslaught faced by Wellcome at its AGM today

BREAK-INS at company offices, demonstrations at the New York stock exchange and a mass "die-in" in front of the White House: these are some of the tactics a radical pressure group for AIDS sufferers in the US has used to bring attention to the issues surrounding the disease.

From today the campaign will have a UK dimension. It will be aimed at Wellcome, the UK drugs company which makes Retrovir, the only product licensed to treat AIDS – which so far has been contracted by an estimated 600,000 people worldwide, of whom half have died.

Behind today's planned onslaught on Wellcome, due to take place at the company's annual meeting in London, is ACT UP, a pressure group formed three years ago in the US. Members of the organisation justify the unusual tactics by saying that they are often the only way to focus attention on the problems thrown up by the disease.

ACT UP stands for AIDS Coalition To Unleash Power. Its UK branch was formed a year ago and several members have bought shares in Wellcome, enabling them to attend the annual meeting.

Mr Rob Archer, one of the members of the UK part of ACT UP, said yesterday he and others planned to "mess up" the meeting. "We plan to ask questions until we are expelled," he said.

Mr Archer and his colleagues will ask Sir Alfred Shepperd, Wellcome's chairman, to reduce the price of Retrovir, known also as AZT. This is being taken by an estimated 60,000 people around the world – two thirds of them in the US, which has about 50,000 people with full-blown AIDS – and costs an average of about $3,000 for a year's treatment.

ACT UP claims Wellcome has capitalised on its near monopoly over AIDS treatments by making excess profits from Retrovir, which is the company's second biggest selling product. Retrovir, which went on sale three years ago, had revenues in the year to August of £134m and made a strong contribution to the company's 1988-89 pre-tax profit of £283m.

Mr Archer said he would be asking Sir Alfred to break out the profits from Retrovir, something the company has consistently refused to do, and spend more money on research aimed at AIDS sufferers.

"He is an old horse," said Mr Archer of the 64-year-old Wellcome chairman, who retires in June. "He is not willing to face up to the issues."

Sir Alfred said the animosity shown by many AIDS groups towards Wellcome had been "most unpleasant". The company has been under near-constant attack in recent years from AIDS lobbyists in the US, mainly over the question of price.

Wellcome has also been involved in an unedifying dispute with US academic and government scientists over who should get the most credit for discovering Retrovir. The drug was initially invented by academic researchers for use as a cancer treatment. Wellcome took it over in the 1980s as a possible AIDS therapy.

The Wellcome chairman said the amount of AIDS-related attention his company had received should not have surprised anybody, given the nature of AIDS. "A disease that has had such a huge effect in society leads to all sorts of problems. And don't forget that the disease has been mainly concerned with two groups of people – drug abusers and homosexuals – who have their own special pressures."

Sir Alfred said it was not the company's job to become too closely involved with the general questions thrown up by AIDS and by those suffering from the disease. "We are not psychologists; we are observers (of the issues involved)."

Sir Alfred said he had "no idea" when another drug would be approved for AIDS which was found to work better. Most experts say that Retrovir, although effective in retarding the progress of the illness, is far from perfect on the grounds that it does not cure AIDS and can have extremely unpleasant side effects.

As a result, many medicines companies are working hard on products that could replace Retrovir, or possibly be used in conjunction with it. It is thought that up to 20m people worldwide are affected by the AIDS virus and on current projections most of these will contract full-blown AIDS over the next decade.

The Wellcome chairman said he remained optimistic about future developments. "The most hopeful thing is that Retrovir exists. It has shown that you can use chemotherapy techniques against AIDS with some form of success."

According to Sir Alfred, the company is spending "millions of pounds" on further work related to Retrovir, either using it against AIDS with other drugs, or trying out the product on patients who have the virus but who have not yet progressed to the full manifestations of the disease. He said he could not say exactly how much money was involved in this work.

The company hopes it will soon receive permission in the US to sell the product for use by this last group of people. The US Food and Drug Administration is holding public hearings on this issue on January 29 and it is thought it could approve the treatment by the end of the year.

Besides ACT UP, other AIDS groups would like Wellcome to talk about profits from Retrovir. "I would like more information from the company about the costs involved and details of the trials taking place with the drug," said Mr Nick Partridge of the Terrence Higgins Trust, a London-based support organisation for AIDS sufferers.

But Mr Partridge says he does agree with continually criticising Wellcome on the issues. "There is a danger of always being negative about the pharmaceutical companies," he said. "The fact is we will need them if we are to develop new drugs for the disease."

Interest puts Telford in black

By Nikki Tait

TELFORD GROUP, the USM-quoted information systems company which used to be known as Memcom, turned round from a loss of £381,000 to a profit of £9,000 in the six months to the end of October.

Interest earned accounted for the bulk of the profit, with the group just breaking even at the trading level. However, this masked a profit contribution from the Alphacrete business, a loss from Interactive Media Systems, with the original Memcom Electronics business in the UK trading at about break-even. Alphacrete and IMS were acquired in August.

Turnover in the period nearly doubled from £679,000 to £1.29m, reaching a level almost equivalent to that for the whole of the previous year. Earnings per share worked through at 0.03p, against losses of 2.9p last time. There is no interim dividend.

The group said the second half showed a continued sales increase and it was "optimistic that the move back to profitability will gain further momentum". The shares stayed at 9p.

Budge lifts stake in Edmond

By Nikki Tait

AF BUDGE, the privately-owned construction company, has again raised its stake in Edmond Holdings, the housebuilder. The holding now stands at 14.16m shares or 28.04 per cent of the equity, following the purchase of a further 2.38m shares.

It seems possible that Budge will take this up to the 29.9 per cent level – the maximum it can hold without making a full bid. Yesterday, however, Budge described the prospect of a takeover offer as "most unlikely".

It said that it was looking to develop a housing division, and felt this could be best achieved through co-operation with an existing company specialising in this field.

Stakebuilding by Budge, via a subsidiary called Willesley Clay Company, first came to public attention in August when a 5.28 per cent holding was disclosed. This has increased steadily since then.

Yesterday, Edmond said that it was aware of Budge's stated intentions and had "mixed feelings" about the holding. However, it conceded that there could be potential commercial benefits from co-operation.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Biotechnology	int	1.5◆	-	nil	-	1◆
Evode	fin	4.42	Apr 2	3.83	6.04†	5.25
Excalibur	int	0.3†	Apr 1	0.25	-	1
Fletcher King	int	4.3	Mar 2	4.3	-	10.6
Harrison Inds	int	2.3	Mar 9	2.1	-	6.85
Investment Co	int	0.375	-	0.25	-	0.9
KLP	fin	5	Apr 6	4.4	7.5	6.5
London Scot Bank	fin	1.65	Mar 8	1.4	2.4	2.05
Mosaic Inv	int	3†	Apr 6	2	-	5.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ◆US cents per share.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims – Cantors, Clark (Matthew), Crossroads Oil, Debenham Tewson & Chinnocks, Empire Stores, Hampson Industries, Jurys Hotel, Palmerston Holdings, Sommerville (Wm).

Finals – Chelsea Man, Eurotherm International, London & Clydesdale.

FUTURE DATES

Interims –

Ashtead	Feb. 19
Dale Electric Intl	Jan. 19
Knobs & Knockers	Jan. 25
Lyptek	Jan. 24
Sphere Inv Trust	Jan. 18

UK COMPANY NEWS

Bond issue plans shelved because of unfavourable market conditions

Severn Trent makes £55m at halfway

By Andrew Hill

SEVERN TRENT, one of the largest of the recently privatised water companies, made profits of £55.3m in the half-year to September 30 1989.

The company is the last of the 10 to announce interim results which cover the period before privatisation and the related restructuring of the UK water industry's debt.

Mr John Bellak, chairman, said the interim figures confirmed that Severn Trent was on course to meet its prospectus forecast of £121m before tax for the full year. It is expecting to recommend a final dividend of 9.9p.

"Really investors should start looking at the next full-year stage [1990-91] to get meaningful comparisons – this is a long-view industry and I presume that most of our investors will keep that in mind," he said yesterday.

WATER COMPANIES PROFITS

	Interims to 30.9.89 Actual† £m	Interims to 30.9.89 Pro forma* £m	Forecast to 31.3.90 Profits† £m	Forecast to 31.3.90 Dividend p/share
Anglian	28.5	62.7	83.0	10.21
Northumbrian	3.8	34.2	5.5	10.69
North West	15.1	81.3	70.0	10.47
Severn Trent	55.3	110.2	121.0	9.9
Southern	24.4	38.3	57.0	10.02
South West	17.8	40.2	44.5	11.62
Thames	81.4	78.4	170.0	9.72
Welsh	18.4	55.1	35.5	11.17
Wessex	8.8	27.6	25.0	10.14
Yorkshire	17.4	45.7	54.0	10.28

†After interest but before tax
*After tax, assuming new capital structure in place since April 1

Mr Bellak also confirmed that plans to raise funds through an issue of bonds had been shelved because of the unfavourable state of the bond market.

Severn Trent has a £4bn capital investment programme ahead of it over the next 10 years, but Mr Bellak said yesterday: "I have no need to go back to the bond market with any urgency."

Had the industry-wide capital restructuring taken place at the beginning of the six-month period, Severn Trent would have made profits of £110.2m after tax and earnings of 31.2p per share. The actual figures revealed turnover of £274.2m and extraordinary charges of £5.2m relating to privatisation and restructuring costs.

Mr Bellak said he was particularly pleased that 61 per cent of the applications for Severn Trent shares had come from customers – compared with an average of 51 per cent at the nine other companies.

He added that the company had no intention of investigating its shareholder register to discover the beneficial owners of nominees holdings. Severn Trent already knows that the large French water supplier Lyonnaise des Eaux holds a 2 per cent stake. The partly-paid shares were unchanged at 141p in yesterday's depressed market, compared with a peak of 157½p and the offer price of 100p.

Accounting review will create loss for year at Telecomputing

By Clare Pearson

TELECOMPUTING, the USM-quoted mainframe software house, expects to report a loss for the year to the end of September 1989 as a result of a review of accounting policies carried out by the newly-installed board.

The board felt that reported results for the half year to the end of March 1989, which showed that Telecomputing had bounced back from losses of £189,000 to taxable profits of £145,000, were distorted by inappropriate accounting policies.

Mr Michael Whitaker, a non-executive director, said the board did not agree with the company's policy up to now of capitalising research and development employed in previous years.

The board further believed that the amount of research and development was understated in the accounts because of the existence of an inter-company loan to a development associate.

Mr Whitaker said that more conservative accounting policies would now be employed and, as a result of a substantial write-off, Telecomputing would not show a profit in either the first or second halves of last year.

The board stressed that it believed the company's current financial position was sound. Furthermore Mr Whitaker said that a profit was expected in the current year.

Ferrari Holdings, the acquisitive computer group, took a 29.8 per cent stake in the company last November.

The new board was installed after Ferrari, which is backed by Singer & Friedlander, the merchant bank, bought the stake in Telecomputing held by Mr Bernard Panton, its founder and former chairman.

Under Mr Panton, Telecomputing devoted much of its resources to developing Top-One, artificial intelligence software, which failed to achieve significant sales.

The present board intends to initiate a new approach.

Touche Ross & Company currently remain auditors to the company, while Haines Watts are the independent accountants appointed to report on the accounting policies.

Fletcher King follows trend as growth slows

By Paul Cheeseright, Property Correspondent

GROWTH AT Fletcher King, the chartered surveyor, slowed in the first half, but profits increased 10 per cent, checking the trend towards lower earnings seen among other companies in this part of the property sector.

Pre-tax profits for the six months to October 31 came out at £1.31m (£1.19m), while earnings per share were some 12 per cent higher at 9.7p (8.7p).

However, turnover rose 27 per cent to £4.81m (£3.8m), indicating an erosion of margins. Mr David Fletcher, chairman, expected a correction in the second half following moves to reduce costs. Last September there were five redundancies among the support staff and budgeted costs were reined in by abandoning a planned staff expansion.

Fletcher King's figures follow those of Savills, Baker Harris Saunders and de Morgan, all of which reported lower profits. They precede those of Debenham Tewson & Chinnocks, which reports today.

The chartered surveyors are operating in an increasingly difficult market where, as Mr Fletcher put it, "economic uncertainties are having an adverse effect on the speed of decision-making and in some cases planned expansion by consumers of space are being reduced or postponed".

Fletcher King had a full order book of instructions but, said Mr Fletcher, "the difficulty we face is in estimating the timescale within which the new instructions will be translated into fees earned." This is just the problem that hurt Baker Harris Saunders.

The forecasts for the second half were cautious. "Prospects for turnover for the full year are good," and "overall results for the year will be satisfactory."

Caution about the future has been reflected in the dividend. The 1989-90 interim is 4.3p, the same as last time when total payment came to 10.6p.

Strong demand pulls Excalibur to £1.55m

By John Thornhill

EXCALIBUR GROUP, the jewellery, merchandising and precision engineering company run by the Griffiths brothers, increased pre-tax profits by 43 per cent from £1.09m to £1.55m in the six months to October.

The Birmingham-based company reported strong demand across its three divisions but especially in the precision engineering field. Turnover improved by 65 per cent to £22.71m (£13.72m).

The group's jewellery interests, which account for over half of total turnover, benefited from a still buoyant market. Excalibur, which claims to be the largest jewellery manufacturer in the UK with just under 5 per cent of the market, said it had increased market share during the period and saw further scope for expansion.

Excalibur manufactures mainly for the lower end of the jewellery market which, the company claims, has not been so badly affected by the high street retailing squeeze.

The demand for aerospace engine components was described as exceptionally strong and Excalibur's four engineering companies are currently working at full capacity. Mr Michael Griffiths, chairman, said the division was benefiting on the back of Rolls-Royce's aero-engine successes.

The merchandising division, which distributes pre-recorded music to service stations, continued to expand and accounted for about one-fifth of the company's sales, Mr Richard Griffiths, managing director, said.

Group operating profits, boosted by four acquisitions, were ahead 94 per cent, but a substantially increased interest charge of £738,000 held back the profits advance at the pre-tax level.

Underlying organic profits growth was 25 per cent. Gearing stood at 100 per cent at the period end due mainly to the costs associated with funding the four acquisitions.

Earnings per share grew 27 per cent to 3.3p (2.6p). The interim dividend is lifted to 0.3p (0.25p).

Quotient quick to confirm recovery

Quotient, the financial systems consultant, was profitable in the second half of 1989 following a pre-tax loss of £1.98m at the interim stage.

Cash flow during the period had been strong and the end of the year the group held cash of more than £4m and had no borrowings.

However the company said that it would not make a profit for the full year. It added that it had issued a statement in order to give more evidence of recovery than it was able to provide with the August interim statement in the light of adverse publicity and the fall in share price to 75p, compared with a 1989-90 high of 123p. Following the announcement, the shares closed 3p higher at 78p.

The board said it had re-organised the UK operations, reduced overheads and provided a more effective structure from which to capitalise on market opportunities.

Major contracts had been won across the capital and Treasury markets and stockbroking sectors. In addition, the company had received orders and client commitments to new developments in share registration, asset management and in relation to Taurus, which finally begins next month.

Biotechnology Invs

Biotechnology Investments, the Guernsey-registered investment holding company, saw pre-tax profits more than halved at $88,279 (£52,750) for the six months to November 30.

The result, down from $191,370 last time, came on gross revenue marginally lower at $1.52m ($1.54m). Net loss per share was 0.1 cents (earnings 0.2 cents).

There is an interim payment of 1.5 cents (nil). Net asset value in the period improved from $1.98 to $2.35 per share.

County NatWest to aid Nomura venture

By Barry Riley

NOMURA SECURITIES is to launch a European index tracking investment trust, worth probably an initial $180m (£108m), with the aid of the UK's County NatWest Investment Management which will provide quantitative investment advice.

The "Star 1992" fund will mainly be sold within Japan, and in addition to giving exposure to the European equity market – as measured by the FT-Actuaries Europe Index – will feature downside protection against currency losses in terms of the yen.

CNIM says that Nomura has been attracted by the availability of the latest investment technology. The London advisers will use sampling methods to achieve low-cost tracking, and it is anticipated that the fund will be invested in nine out of 14 markets, and about 400 out of 989 stocks in the Europe index.

Reflecting market capitalisations, nearly half the fund will be invested in UK stocks.

A special currency-hedging programme will give the yen-based investors full protection against any currency losses, while allowing them to participate in a proportion of any gains should the yen appreciate against European currencies.

Star 1992 is an open-ended fund with a life of ten years.

Acquisitions lift Mosaic to £1.91m

By David Owen

The impact of acquisitions, together with continued organic growth, propelled Mosaic Investments to pre-tax profits of £1.91m for the six months to October 31.

The result compared with £718,000 in 1988, and was generated on turnover virtually doubled to £12.33m (£6.25m). Group activities encompass automotive accessories, character merchandising and licencing, and bar and catering products.

The group said its most recent acquisitions – Stainless Steel Services, a stockholder, and Oldham-based T Turner, which makes the Autolok mechanical car security device – each made "useful" contributions for part of the period.

Those deals, as well as the purchase last April of 50 per cent of Fister UK, a wiper blade maker, raised gearing at end-October to 65 per cent. The group intended to reduce this substantially by the year-end.

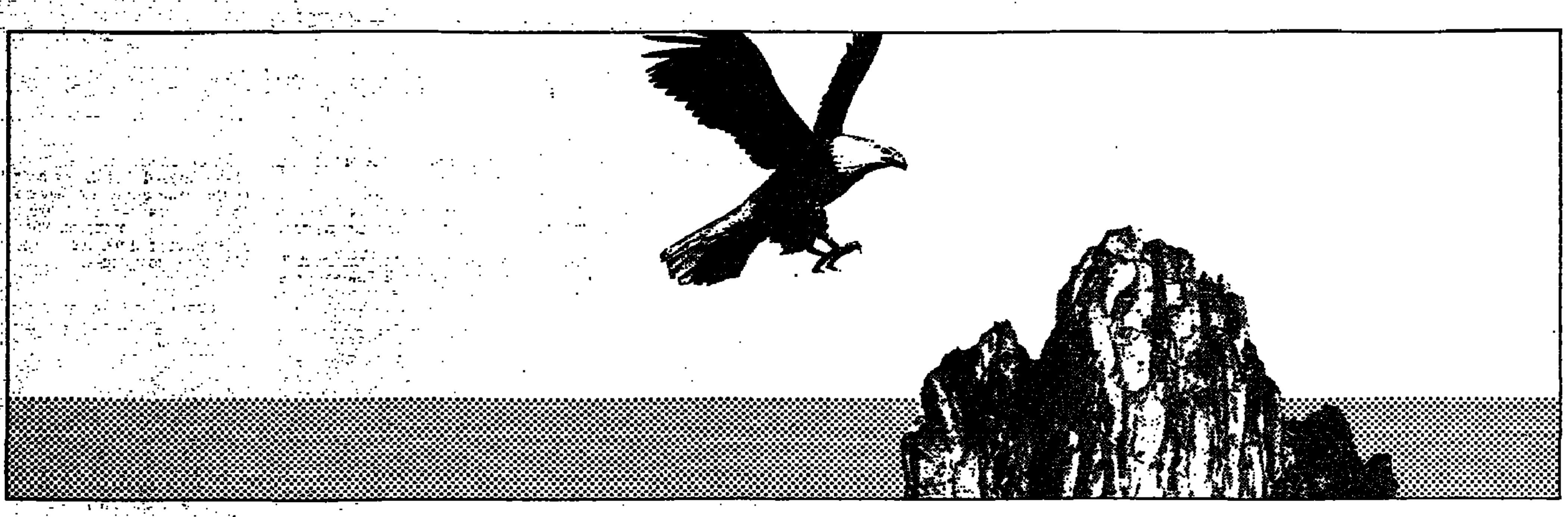
Operating profit margins from Mosaic's consumer services and product-related activities leapt from 9.7 per cent to 17.5 per cent. Margins from industrial products increased more sedately, from 9.8 per cent to 12.6 per cent.

The group was pursuing further acquisitions within its five core business sectors. It was keen to expand its existing sign-making business into continental Europe.

With earnings rising from 7.82p to 11.8p, the interim dividend is lifted by 1p to 3p.

City Site Estates

City Site Estates is selling Queensbridge Estates to a private client of Franc Warwick & Co for £10.1m. Borrowings of £5.25m and all extant tax liabilities are also being sold.



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UK COMPANY NEWS

O'Reilly glimpses clouded opportunity in crystal

Kieran Cooke looks at Waterford Wedgwood and the man many think wants to organise its rescue

MR TONY O'Reilly, the Irish-born chairman of HJ Heinz, was once described as the best thing to have happened to the US food group since the advent of sliced pickles.

There are now signs that he is turning his attention to an Irish company in a pickle.

Mr O'Reilly is reported to be preparing a tilt at Waterford Wedgwood Holdings, incorporating Waterford crystal in the Republic of Ireland and Wedgwood china in the UK. The group lost I£10.6m (£10.1m) before tax in the first half of 1989; a full-year deficit approaching I£20m is now forecast. Debts have been mounting and are estimated at I£150m.

Most of the group's problems centre on its crystal division, which has suffered from management and labour relations difficulties. A rationalisation programme at the overmanned facility in 1987 seriously backfired.

Once Ireland's largest manufacturing employer, Waterford lost 1,000 workers, more than a third of the total. The programme cost more than I£50m in redundancy payments. But the departure of many skilled workers soon led to serious production bottlenecks.

Early last year it was announced that various "accounting errors" in the division had led to a considerable over-estimate of projected profits. A boardroom shake-up followed.

For a time there seemed to be an improvement. Last summer a new agreement was reached with the crystal division workers. Management committed itself to profit-sharing in exchange for a shop-floor wage freeze. But then came news of a sales downturn in the US and the UK, the main markets for both crystal and Wedgwood's china products.

Enter, at this stage, Fitzwilton, a Dublin-based investment company also listed in London. Mr O'Reilly heads Fitzwilton and owns 9 per cent of the company. His fellow shareholders are some of the world's richest individuals, including Mr John Werner Kluge of Metromedia, the US communications company, and Canadian Mr Paul Demerais, who has a variety of interests in newspapers, transport and financial services.

Though Fitzwilton has been growing steadily since a management reorganisation in mid-1987 (pre-tax profits are likely to have doubled to more than I£12m in 1989), it has yet to set the corporate world alight. Investments have included cash-and-carry and vehicle distribution operations in the UK, an Irish deep freeze manufacturer and a company making tablecloths in the Philippines.

At one stage, Fitzwilton was said to have at its disposal a $1bn (£600m) leverage fund for a major acquisition in Europe. "We will be the front office for the guys who will revolutionise Europe," said Mr O'Reilly.

Fitzwilton has said nothing about Waterford while the latter has admitted it is engaged in talks with an unnamed party interested in acquiring "a major (but not controlling) interest".

This is not the first time Mr O'Reilly has made a pass at Waterford. For much of 1988, there were rumours about an imminent move by Fitzwilton to acquire a near 30 per cent stake. Reports at the time said Mr O'Reilly retreated from the deal when speculation forced up the Waterford share price.

A similar situation could recur. Reports say Mr O'Reilly is prepared to pay around I£70m for a 30 per cent stake in Waterford, or 40p per share. At one stage last week, Waterford shares rose to 60p on the Dublin exchange.

Though Mr O'Reilly is based for much of the year at Heinz' head office in Pittsburgh, he has always kept one foot firmly in Ireland. A former Ireland and British Lions rugby player, he has dual US and Irish citizenship.


Tony O'Reilly: British Lion in '59, trying trickier things in '90

There are those who question what Mr O'Reilly and Fitzwilton could bring to Waterford. Fitzwilton's backers would probably provide a much-needed cash injection to reduce the group's crippling debt. But Waterford also requires particular production knowledge and labour relations expertise that an investment company like Fitzwilton might not possess.

Mr O'Reilly's particular forte is marketing. His nurturing of brand names has earned him a considerable reputation both in Ireland and the US. A socialite and noted raconteur, he generates publicity wherever he goes, not least in his own newspapers in Ireland.

But not everything he touches turns to gold. Many shareholders who followed the O'Reilly flag into Atlantic Resources, a Dublin-based oil and gas explorer, have been badly burned. Mr O'Reilly is its chairman and Fitzwilton has a 6 per cent stake. Atlantic lost I£2.84m in the first six months of 1989.

Many would say that marketing is the one area in which Waterford crystal has already succeeded. Its products have achieved, in a comparatively short time, worldwide cachet.

In spite of Waterford's considerable problems, there are likely to be others, besides Mr O'Reilly, interested in acquiring a sizeable stake in two of the world's leading brand names. Rothmans International and Louis Vuitton Moët Hennessy are among the possible interested parties.

Watching this latest episode in the Waterford drama are a group of despondent Wedgwood shareholders. They saw their company taken over for I£250m by Waterford in 1986. Without Wedgwood, it's likely that Waterford would now be in pieces.

A Dublin observer summed it up. "Wedgwood was the English bride marrying the rich Irish lord. But the marriage went all wrong when she found out that the lord's 5,000-acre estate was mostly lake."

Even Mr O'Reilly might have difficulty in introducing some order into the bridal chamber.

Harrison Inds ahead to £1.75m

By Graham Deller

HARRISON INDUSTRIES, the industrial doors, power transmission and castings group, yesterday unveiled taxable profits of £1.75m for the six months to end-September 1989.

The news confirmed that the Cheshire-based group is firmly on the recovery path following a sharp downturn in profits last year reflecting problems at its industrial door division.

The outcome compared with profits of just £423,000 in the corresponding period of 1988, although this was struck after an exceptional charge of £651,000 relating to provisions for contracts and reorganisation at the doors operation. Profits for the full year to end-March totalled £2.21m.

Mr Ken Harrison, chairman, said the division, now sporting improved controls and revamped management, accounted for 50 per cent of sales, 10 per cent to 15 per cent of which was exported, mainly to the Middle East and Far East. Problems had not been completely solved, however, and there was some pressure on margins, partly reflecting the group being unable to pass on price increases to customers.

The group has invested about £3m on new factories to produce doors, two in England, at Stockport and Nottingham, and one in France and had received a £1m order for steel hinge doors for the Canary Wharf development in London's Docklands.

Although the group did not break down profits by division, Mr Harrison said the power transmission side, recently relocated to larger premises, lifted turnover and profits by some 40 per cent, while the castings operation, buoyed by November's £1m acquisition of Deeley's, was ahead by approximately 10 per cent.

Group turnover rose 15 per cent to £21.49m. Gearing stood at 14 per cent at the period end but is now nearer 25 per cent, mirroring investment in new buildings and expansion of the castings division by acquisition. Interest charges for the period rose to £176,000 (£43,000).

Earnings per share expanded from 2.3p to 9.4p and the interim dividend is raised to 2.3p (2.1p).

An extraordinary gain of £318,000 related to property sales.

£3.29m acquisition for expanding Silvermines

By Nikki Tait

SILVERMINES, the Dublin-based group which has been transforming itself from a natural resources investment vehicle into an engineering company, is buying Muirhead Vactric Components from Williams Holdings, the industrial conglomerate, for some £3.29m.

Williams acquired the business as part of Pilgrim House – itself the product of a merger between RHP and Burgess Group – which it took over in late 1988.

Muirhead Vactric designs and makes precision servo components and electrical controls systems.

Its sales in the year to end-September were £10.1m, compared with last time's £11.7m.

Net profit before exceptional charges of £1.52m was £121,000, reduced from £576,000 in 1987-88.

Silvermines said that the fall partially reflected stock write-downs. The exceptional charge was the result of reorganisations and future relocation costs.

Silvermines already takes in activities in the electrical and electronic area, in particular through its Elequip and J&T Electrical Controls subsidiaries.

It said that, following the latest acquisition, sales in this area should be more than £30m.

US expansion for Salvesen

Christian Salvesen, the Edinburgh-based group with interests in food distribution, transport, brickmaking and shipping, has acquired AirTech, a privately-owned US chiller rental business, for $6.25m (£3.8m).

The purchase was effected through Aggreko, Salvesen's US subsidiary which operates from outlets throughout North America and has already established US market leadership in chiller rental following the acquisition of Mobileair in 1987.

AirTech is the second largest operator in the market, with a hire fleet of some 100 chillers and industrial air conditioners.

Dr Chris Masters, chief executive, said the acquisition would significantly strengthen Aggreko's position in the market.

Richards/Petrocon

The Richards Group and two of its directors now hold 13.77 per cent of the capital of Petrocon Group.

Richards bought 665,000 shares (3.41 per cent) for £408,000. With the long standing holdings of Mr PG Hodgson and Mr JL Fergus, chairman and managing director respectively, this gives a total of 2.69m shares (13.77 per cent) under the concert party rules of the Takeover Code.

The Richards board regards the purchase as a trade investment, but is of the opinion that the distribution skills of its Steel Support Systems subsidiary would complement those of the Flotec Group, the valve and distribution outlet of Petrocon.

JA Devenish

JA Devenish, West Country brewer, has acquired the Steaks chain of five steakhouses in South Wales from Mecca Leisure in a cash deal worth "well in excess of £1m".

It is Devenish's first move into South Wales. Mr Michael Cannon, chairman, said yesterday that he planned further acquisitions to expand the Steaks brand name in the area.

The outlets acquired are in Cardiff, Port Talbot, Bridgend, Newport and Bonvilston.

Devenish, which made pre-tax profits of more than £14m last year, has already announced that it intends to increase its pubs estate from around 400 to 1,000.

It recently launched its Newquay Steam beer nationally, and has added pubs in Yorkshire and Derbyshire to its main operations in Dorset, Devon and Cornwall.

Warmer weather hits oil prices

By Steven Butler

WORLD OIL prices fell sharply yesterday in response to warmer weather in the US, which also drove the prices of refined products lower.

The decline in prices continues a sell-off from four-year highs which were reached in the first week of the New Year.

North Sea brent crude oil for March delivery fell by 55 cents to close at $19.65. Prices were off about 20 cents in the morning in Europe, but were taken down further when the New York Mercantile Exchange opened. March futures for West Texas Intermediate crude were trading 39 cents lower at $21.74 at midday.

Traders also pointed to the weakness in world stock markets as a factor influencing yesterday's tumble. Most projections for world oil demand this year have assumed relatively weak economic growth, but not a recession. A recession would result in reduced demand for oil and drive prices down.

Even prices at yesterday's levels, however, were much higher than most analysts had been projecting months earlier. Oil analysts are divided about the future direction of prices, although many are already in the process of revising upward earlier projections for the year.

● Sheikh Ahmed Zaki Yamani, the former Saudi Arabian oil minister and chief strategist of the Organisation of Petroleum Exporting Countries until his abrupt dismissal in 1986, warned last night that the world may be heading toward another damaging oil crisis unless action is taken to develop cooperation between the exporting countries who are members of the Organisation of Petroleum Exporting Countries, the major international oil companies, and the governments of consuming nations.

In a speech to the British Institute of Energy Economics, Sheikh Yamani said that the Opec countries needed to tap the technology of the big oil companies, possibly by encouraging inward investment which would differ in form from earlier concessionary agreements which Opec countries struggled to shake off.

He said that consuming countries could help by guaranteeing investments in the Opec countries that might be considered politically risky, or by extending loans.

Sheikh Yamani was speaking at the launch of the Centre for Global Energy Studies, of which he is chairman and founder.

Peruvian miners strike

By Sally Bowen in Lima

SOME 13,000 workers at Centromin, Peru's largest producer of zinc, lead and silver, went on indefinite strike yesterday, demanding wage rises in line with inflation and better working conditions. They are also demanding freedom for Mr Victor Taipe, President of the National Mining Federation, who they claim has been unjustly detained in Huancavelica on terrorist charges since before Christmas.

The national co-ordinator for the Mining Federation, based in Lima, said that meetings were being held to organise a 72-hour stoppage in the departments of Huancavelica and Cerro de Pasco in support of Mr Taipe. Up to 10,000 more workers would be involved in this action.

Centromin meanwhile demanded armed forces' protection for staff and installations and after a worker with 18 years service was shot dead, presumably by terrorists, on the night of January 12. A communique issued by the company said the killing was "intended to intimidate workers and union leaders into supporting the strike called for January 15."

Indonesia taps into tyre makers' needs

John Murray Brown on efforts to improve rubber quality in the smallholder sector

IF YOU can't beat 'em, join 'em. From the jungle to the tyre factory Indonesia's rubber producers are joining hands with the big foreign tyre companies who dominate world rubber trade.

The linkage logic that has transformed other industries now threatens to reshape the rubber business, from the way the commodity is produced to the way it is traded.

Buyers look set to have an increasing say over price. Cheaper supplies will be matched by calls for greater quality. Yet for all that, Mr Sutrisno Budiman, head of Gapkindo, the Rubber Association, believes the changes represent a real opportunity for Indonesia to boost earnings from rubber, the country's most important export crop, which in 1988 topped $1bn.

"Its the only way to go" says one US buyer, and the message is now trickling down to the smallholders who grow most of Indonesia's crop.

Rubber cultivation is still a fairly primitive, labour-intensive activity. With increasing market concentration among the large tyre makers, the introduction of automated production runs and the drive to reduce rubber scrap the industry needs a clean and consistent raw material supply. Traders say the trend has been further intensified by the new technical standards required to make the steel-braced radials that have overtaken crossply tyres to become the biggest sellers.

Indonesia is the second largest rubber producer after Malaysia. Already more than half of its rubber is channelled direct to the tyre manufacturers – 65 per cent to the US and around 20 per cent to Japan.

INDONESIAN RUBBER

	exports ($m)	Production (million tonnes)
1988	1,200	1.17
1987	961	1.13
1986	713	1.11
1985	718	1.05
1984	952	1.03
1983	849	1.01

Source: Indonesian Bureau of Statistics

The markets are taking note. On trading floors in Singapore and Kuala Lumpur volumes have dropped sharply despite the growth of rubber consumption world-wide. Direct contracts, which bypass the market, are said to represent more than half of total consumption.

In the past two years, in the wake of the Aids scare, the rubber market has been driven by demand for latex grades used in making condoms and surgical gloves. But in volume terms tyres are still 80 per cent of total world trade in natural rubber. Moreover tyre makers can utilise the lower, so-called field, grades produced by the smallholder.

In many respects tyre rubber is no longer a plantation commodity. One simple illustration is that Goodyear, the US tyre company which buys around 75 per cent of its rubber needs from Indonesia, has now turned over its own Indonesian estates to the higher valued latex production. In Indonesia today smallholders now account for more than 70 per cent of production, working in conditions more akin to a cottage industry. In total, there are around 3m hectares of rubber trees – more than in any other country. With relatively little additional investment current output of 1.25m tonnes could be doubled.

Indonesia's other main advantage is its low costs. Labour costs, which account for about 50 per cent of the total on plantations, are largely absorbed in the smallholder sector.

Indonesia's priority is to improve its tree stock. According to officials, average annual yields are less than 500 kg a hectare, well below Malaysia's 1,000, or the 800 kg achieved in Thailand.

Plantations typically are replanted every three to five years. In smallholdings Mr Budiman says many of the trees are damaged by overtapping and need replacing.

"A rubber tree will produce for a week or 25 years, it just depends on how you tap it," he says.

The World Bank is supplying smallholders with new bud-grafted planting materials – some 100,000 hectares of smallholdings have been assisted at a cost of R1.5m (£500) a hectare. And a new loan is currently under negotiation.

A more immediate concern is disease. Researchers are currently grappling with a defoliant which is causing extensive damage to the GT1, the most widespread rubber clone. On a large scale, officials say it could be costly to contain. In an unusual move, the World Bank which funded the original project, is being asked to extend the payback period on its loan.

Over the longer term the challenge is how to improve the processing of the rubber, often at jungle sites miles from the factory. As one foreign buyer put it: "What comes out of the tree is all the same. Its what happens to it between the tree and the processing that is critical."

Traditionally Indonesian farmers have been paid according to the weight of the rubber block. According to Mr Budiman, bits of railway and even freshwater turtle shells have been incorporated into the latex to increase the weight.

The Government is now pioneering a so-called Foster Parent scheme, where large state companies supply smallholders with processing equipment like hand mangles to make sheet rubber. There is also a ban on the export of certain rubber grades to strengthen what the official regulation called the chain reaction between smallholders and the tyre companies. Mr Budiman suggests deliberate adulteration of the rubber should become a criminal offence.

Mr Budiman himself has just returned from a fact-finding tour of the US to sound out the large tyre companies and authorities in the East Coast ports the destination for more than half Indonesia's 1.1m tonnes of exports. Somewhat to his surprise, one US buyer claimed 80 per cent of the adulteration occured during shipment.

Tin stocks hopes pinned on Brazil and China

By Lim Siong Hoon in Kuala Lumpur

THE ASSOCIATION of Tin Producing Countries is looking to non-members Brazil and China to take the steps necessary to steady the sagging world market.

Last year's 18 per cent rise in world tin stocks to 36,000 tonnes, disappointing the association's hopes for an 8,000-tonne drawdown, resulted in a sharp fall in prices towards the end of the year. A more modest 6,000-tonne stocks fall is aimed for this year, but the ATPC's own plan to reduce members' export quotas this year by 5 per cent to 84,233 tonnes will do no more than hold the line. Their actual exports last year were 5 per cent below quota, according to estimates released last week at the association's meeting in Kuala Lumpur.

"The ball is now squarely on the feet of Brazil and China," Mr Redzwan Sumun, the ATPC's executive secretary, said at the end of the meeting.

Brazil, which, with China, attends association meetings as an observer and has agreed to co-operate with the "market stabilisation scheme," is the world's biggest tin producer. It reported exports last year of 35,000 tonnes, 3,500 tonnes more than its unofficial quota, and admitted that smuggling into Bolivia (an ATPC member) and Peru put up to another 9,000 tonnes of Brazilian supplies onto the market. The ATPC estimated China's exports last year at 18,000 tonnes, compared with 15,000 tonnes in 1987.

At last week's meeting neither of these countries would commit itself to a specific export target. The furthest they were prepared to go was to express their desire to see that the quota programme succeeded.

The association put total tin supplies last year – including its own members, Brazil, China, 22,000 tonnes from small producers such as Canada and Portugal and 5,000 tonnes of US stockpile disposals – at 190,000 tonnes, and overall consumption at 192,000 tonnes.

● A Brazilian judge has ordered the closure of the road that carries tin from the world's largest modern tin mine, threatening to paralyse the Pitinga mine's operations, the Paranapanema company said yesterday, reports Reuter from Sao Paulo.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	+900	to 67,725
Copper	−2,775	to 106,200
Lead	−425	to 22,525
Nickel	−96	to 6,702
Zinc	+125	to 87,200
Tin	−516	to 9,520

Capelin raise Icelandic hopes

SHOALS OF capelin, a small migrating fish, have returned to Icelandic waters, bringing new hope for Iceland's beleaguered economy, according to fishery officials, reports Reuter from Reykjavik.

Trawlers have landed more than 150,000 tonnes of capelin at ports on Iceland's eastern shores this year, after spending months last year searching in vain for the elusive fish.

Dairy trade attack on Milk Board 'fudge'

By Emma Tucker

THE PRESENT monopoly in Britain's milk market can only be altered by the Government stepping in to change the law, said Mr Andrew Dare, president of the Dairy Trade Federation and managing director of St Ivel, yesterday.

He described recent Milk Marketing Board proposals to change the way in which milk is priced and allocated to its customers as "a fudge."

"The only viable alternative to the present situation is a proper free enterprise system and not the fudge which is being canvased by the MMB, which amounts only to a voluntary monopoly," he said.

The MMB last summer said it wanted to bring the system up to date by introducing some form of tendering to replace the present rigid price fixing arrangements. But the DTF holds that this would be unfair since it would mean the board keeping its monopoly as a seller, while the DTF, the buyers, would lose the protection offered by present system.

"The MMBs are desperate to hang onto their monopoly powers. They see competition as acceptable, so long as it only applies to the buyers rather than the sellers of raw milk," said Mr Dare.

Britain's five MMBs have the sole right to to buy all the milk produced by the country's 44,000 dairy farmers and to sell it on. The largest of the boards, the MMB for England and Wales is, at the same time, the largest customer for that milk through its ownership of dairies and the manufacturing company Dairy Crest. The rest of the market is organised by the boards throught annual price fixing with the other half dozen users in the DTF.

This system has been coming under pressure from smaller producers at home, who say they are unable to innovate because of the restrictions in the market, and from competitor industries in the European Community.

The Government has simply said that while it recognises the need for change, it is up to the boards themselves and the DTF to determine its nature and speed.

But Mr Dare yesterday said that the system cannot be changed unless the Government intervenes.

"The only viable alternative to the milk marketing scheme is a proper fully fledged free enterprise system where there is proper competition on the supply side," he said.

But the monopoly powers of the boards are granted by statute and can only be abolished by the repeal of the Agricultural Marketing Acts.

"The Government cannot simply stand aside and expect us to negotiate with the boards, since the Government controls them," said Mr Dare.

EC subsidies for Soviet wheat sales

By Tim Dickson in Brussels

SUBSIDIES WORTH more than Ecu200m (£145m) have been granted by the European Community so that 3.2m tonnes of bread-making wheat can be sold to the Soviet Union.

These so called export refunds – agreed by the EC's cereals management committee late last week – are thought to cover deals announced recently by French traders for 2m tonnes and by British and Danish traders for 300,000 tonnes each. Officials in Brussels believe that the balance may be required for additional contracts still under negotiation with Moscow and not yet announced.

The subsidies – worth Ecu66 a tonne – are needed to bridge the gap between the free market price for bread-making wheat and the higher European price paid to EC producers. They include a special bonus element for the Soviet Union of Ecu4.5 a tonne, identical to that made on the last big Soviet sales last year and designed to reflect the large size of such operations.

Free market purchases of this kind – where the EC makes up the price difference – are to be distinguished from sales of "intervention" wheat when the supplies come from EC stores.

Britain plans grants to encourage 'organic' farming

By Bridget Bloom, Agriculture Correspondent

BRITAIN IS to give farmers the chance to convert to organic agriculture as part of the European Community's extensification scheme designed to reduce output of surplus farm products.

Mr John Gummer, Minister of Agriculture, announced yesterday that he would publish a consultation document outlining the basis of a five year scheme which he hoped applicants might join later this year.

The scheme envisaged would "give grant aid to farmers wishing to convert to organic production within the framework of EC extensification rules," Mr Gummer said.

The Community's extensification schemes are seen as part of the reform package introduced over the last few years, which ranges from the so-called budget stabilisers to the set-aside of arable land, to reduce production of comodities in surplus.

The schemes particularly apply to cereals, wine and beef and are designed to result in a 20 per cent reduction in output.

The British Government has been sceptical of the schemes' viability and has already missed the deadline of January 1 for the establihsment, at the minimum, of pilot projects.

Ministers have been worried at the potential for fraud in programmes involving grant aid where, for example, farmers are paid for reducing herd numbers.

There have also been arguments within the agriculture ministry as to whether the extensfication scheme should include environmental aspects. Some officials have argued that the letter of EC law does not allow this, although Mr Gummer is believed to favour using the scheme not only to promote organic farmining but to make sure that reduction in livestock numbers does not result in environmental damage.

Clearly the Government hopes to fit organic farming within the confines of the EC regulations, although yield reductions from it do not automatically result in losses as high as 20 per cent.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD prices succumbed to a firmer dollar and profit-taking on the bullion market yesterday, and closed down $5.25 at $412.50 an ounce. But dealers said bullish sentiment remained intact. On the LME copper touched levels last seen 15 months ago in sterling terms, although the dollar equivalent related to prices ruling less than one month ago. The market was undermined by continuing weakness on Comex where a breach of chart support around 105.5 cents a lb for March delivery was indicative of further potential downside movement, analysts said. Zinc rallied following confirmation of Peru's Centromin strike, as did tin after news of the closure of road access to Pitinga, the world's biggest tin mine in Brazil. Three-month aluminium fell below the $1,550 support level. March coffee closed below £600 a tonne – a fresh 14-year low.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.60-6.70z	-0.55
Brent Blend	$19.60-9.70z	-0.55
W.T.I. (1 pm est)	$22.50-2.55z	-0.75
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-218	-1
Gas Oil	$186-188	-12½
Heavy Fuel Oil	$101-102	-1½
Naphtha	$191-193	-4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$412.50	-5.25
Silver (per troy oz)♣	526c	-13
Platinum (per troy oz)	$504.25	-0.65
Palladium (per troy oz)	$137.55	+1.45
Aluminium (free market)	$1530	-25
Copper (US Producer)	113⅝-120c	-1
Lead (US Producer)	40.5c	-0.5
Nickel (free market)	345c	-5
Tin (Kuala Lumpur market)	17.71r	-0.19
Tin (New York)	311.0c	+3.5
Zinc (US Prime Western)	68¼c	
Cattle (live weight)†	109.81p	-2.17*
Sheep (dead weight)†	193.43p	-11.5*
Pigs (live weight)†	76.35p	-5.09*
London daily sugar (raw)	$346t	+1
London daily sugar (white)	$436.5t	+4.5
Tate and Lyle export price	£321.5	
Barley (English feed)	£117	
Maize (US No. 3 yellow)	£129.5	+0.5
Wheat (US Dark Northern)	£130	
Rubber (spot)♥	53p	
Rubber (Feb)♥	55.5p	
Rubber (Mar)♥	56.5p	
Rubber (KL RSS No 1 Feb)	225.0m	+0.5
Coconut oil (Philippines)§	$442.5x	
Palm Oil (Malaysian)§	$292.5w	+2.5
Copra (Philippines)§	$280	
Soyabeans (US)	£170.0	-1.5
Cotton "A" index	74.35c	-0.40
Wooltops (64s Super)	573p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	637	642	643 636
May	651	659	657 649
Jul	665	670	670 664
Sep	680	683	685 679
Dec	700	705	704 700
Mar	716	720	720 715
May	730	732	732 729

Turnover: 4174 (11522) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 12 779.41 (773.68):10 day average for Jan 15 747.77 (742.66)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jan	579	589	584 569
Mar	598	610	608 591
May	615	624	620 608
Jul	633	645	638 626
Sep	653	665	658 645
Nov	669	698	677 665
Jan	687	706	695 684

Turnover: 4262 (5703) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 12: Comp. daily 62.05 (63.72). 15 day average 63.49 (63.44)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	323.80	322.20	324.80 320.00
May	324.00	322.20	324.60 320.60
Aug	321.40	318.60	321.80 317.60
Oct	314.00	312.20	314.20 311.60
Dec	312.00	303.60	
Mar	295.00	293.00	296.00 295.00
White	**Close**	**Previous**	**High/Low**
Mar	433.0	436.5	437.0 431.0
May	428.0	429.5	430.0 426.0
Aug	423.5	425.0	425.7 421.0
Oct	398.0	400.0	399.5 397.0
Dec	372.0	374.0	371.0

Turnover: Raw 4617 (4773) lots of 50 tonnes. White 1837 (3340)
Paris- White (FFr per tonne): Mar 2500, May 2480, Aug 2485, Oct 2330, Dec 2200, Mar 2200.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	19.59	20.10	19.94 19.58
Apr	19.39	19.50	19.30 18.93
IPE Index	20.21	20.10	

Turnover: 6374 (6215)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Feb	180.25	182.00	181.00 180.00
Mar	172.25	178.50	178.25 171.75
Apr	166.25	171.00	168.75 165.00
May	164.25	167.25	165.50 163.25
Jun	162.50	167.25	165.25 162.50
Jul	162.00	166.00	165.00 162.50
Aug	164.25	-	165.50 165.50

Turnover 8242 (11431)lots of 100 tonnes

TEA

A total of 21,370 packages was catalogued including 5,200 offshore, reports the Tea Brokers' Association. Better quality Assams opened at firm rates but strengthened to close dearer. Plainer teas met less competition and proved irregularly easier. Bright liquoring Africans sold at dearer rates while good mediums remained about steady. Plainer sorts declined by 3p-5p a k. Ceylons met fair demand at lower levels. In the offshore auction the CIF offerings had limited support at lower rates while the FOB section attracted more interest. Quotations: quality 220p (n/c), medium 160p (n/c), low medium 120p (124).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 38,625 tonne
Cash	1519-21	1559-61	1535/1528	1529-30		
3 months	1538-40	1568-70	1572/1538	1549-50	1541-2	33,264 lots
Copper, Grade A (£ per tonne)						Ring turnover 43,825 tonne
Cash	1433-5	1452-3	1439/1432	1439-40		
3 months	1447-7.5	1462-3	1460/1438	1449-50	1447-8	65,966 lots
Lead (£ per tonne)						Ring turnover 11,600 tonne
Cash	419-21	422-3	423/420	419-20		
3 months	415-6	416-6.5	421/412	416-7	416-7	10,118 lots
Nickel ($ per tonne)						Ring turnover 1,560 tonne
Cash	7400-50	7500-50	7500/7450	7450-500		
3 months	7275-80	7360-70	7375/7275	7300-50	7275-80	6,276 lots
Tin ($ per tonne)						Ring turnover 620 tonne
Cash	6780-800	6680-700	6780/6720	6720-30		
3 months	6880-90	6615-6	6900/6800	6820-30	6800-20	5,625 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 20,425 tonne
Cash	1270-2	1274-5	1265/1260	1260-1		
3 months	1275-7	1273-4	1290/1260	1263-5	1275-80	15,249 lots
Zinc ($ per tonne)						Ring turnover 2,700 tonne
Cash	1265-75	1260-70	1285	1280-5		
March 30	1245-55	1240-50		1250-60		1,357 lots

LME Closing £/$ rate: SPOT: 1.6840 3 months: 1.6363 6 months: 1.6099 9 months: 1.5864

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Feb	145.0	145.0	140.0
Apr	200.0	198.5	200.0 198.5

Turnover 74 (507) lots of 40 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	412¼-412¾	247½-248
Opening	413½-414	248-248½
Morning fix	415.3	248.638
Afternoon fix	415.6	249.365
Day's high	416½-417	
Day's low	412¼-412¾	

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

TRADED OPTIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

US MARKETS

IN THE METALS, gold prices rallied early as carryover buying from last week kept its firm tone intact, reports Drexel Burnham Lambert. Prices eased later on due to profit taking and an advancing US dollar. Silver futures were lower for most of the day with dealer selling featured. Platinum trading was mixed. Copper futures were down 190 basis March due mostly to technical selling. The softs featured lower coffee prices from speculative activity. Cocoa eased on manufacture selling. Sugar closed slightly higher after mixed action. The grain markets all had uneventful days. Livestock trading had mostly local participants. Volume was light in all markets. Orange juice fell sharply from profit taking after an early rally sent prices up to 20100 basis January. Cotton had a quiet day. The energy complex was lower on heavy technical action. Heating oil posted the biggest declines from scattered liquidation.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	413.7	413.2	411.5	411.5
Feb	415.1	414.7	418.5	412.6
Mar	417.7	417.2	420.0	420.0
Apr	420.6	420.1	424.0	418.3
Jun	425.6	425.1	429.0	423.0
Aug	430.3	429.8	433.3	428.5
Oct	435.2	434.7	0	0
Dec	440.1	439.7	443.5	436.5
Feb	445.2	444.9	447.8	444.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	104.60	106.70	105.50	103.90
Feb	104.40	106.30	105.40	104.50
Mar	104.00	105.90	105.30	103.00
Apr	103.30	105.10	103.70	103.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 15	Jan 12	mnth ago	yr ago
[illegible]	[illegible]	[illegible]	[illegible]

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan 12	Jan 11	mnth ago	yr ago
Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	564/0	566/4	566/4	563/4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Further losses in subdued trading

A LONDON stock market now facing worrying doubts on economic prospects both at home and abroad rallied from early losses in unimpressive trading yesterday. Concern over global markets remained unresolved in view of the holiday closure yesterday in Tokyo and, partially, in the New York bond sector, although UK equities responded readily to an early rally in New York stocks.

The UK market was marked down very quickly to show an early fall of nearly 30 Footsie points as London shied away from Friday's setback on Wall Street. Turnover was thin, however, with traders commenting that while selling pressure remained light, it was still difficult to buy stock in the blue chips market leaders.

Account Dealing Dates

First Dealings:		
Dec 27	Jan 15	Jan 29
Option Declarations:		
Jan 11	Jan 25	Feb 8
Last Dealings:		
Jan 12	Jan 26	Feb 9
Account Day:		
Jan 22	Feb 5	Feb 19

*New time dealings may take place from 8.00 am two business days earlier.

UK stocks remained depressed throughout the session, waiting for New York to make its opening move. When Wall Street steadied in the early part of the new session, London stocks rallied and trading volume quickly flicked higher. The final reading on the FT-SE Index showed a fall of 13.9 points at 2,366.2, against the level of 2,352.8 reached earlier in the session. Despite the late flurry, Seaq trading volume remained somewhat unimpressive at 359.6m shares compared with Friday's 523.4m.

The latest statistics on the domestic economy tended to strengthen doubts over inflationary pressures. A survey by the Confederation of British Industry/Financial Times (CBI/FT) indicating that retail sales went better than expected in December was supported by official figures showing a 2.2 per cent gain over the month. But the stock market, already overcast by the shadow of the 71 point fall on Wall Street on Friday, made no further move as the retail statistics flashed across the trading screens.

Nor did equities make much reaction to the sharp fall in UK Government bonds or to the firmness in London money market rates, both implying renewed concern over upward pressures on domestic base rates. Traders noted that, on the more positive side, the CBI/FT survey suggested that retail sales may be more subdued in January and that UK December producer prices, announced yesterday, showed only a slight rise, year on year.

London traders were uncertain how to read the performance of the stock market yesterday. A part of the December gain in leading market indices still remains intact, and there have been only muted signs of selling so far by the big investment institutions.

The latest question mark over domestic inflation has focused attention on the wage dispute at Ford Motor, and on the latest UK Retail Price Index and money supply numbers, both due at the end of the week. Also unsettling in view of recent trends on Wall Street are the prospects for the US November trade figures, to be announced tomorrow.

FINANCIAL TIMES STOCK INDICES

	Jan 15	Jan 12	Jan 11	Jan 10	Jan 9	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	82.39	83.02	82.94	82.98	83.37	87.62	89.29 (8/2/89)	82.39 (15/1/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.39	92.60	92.55	92.62	92.83	96.53	99.59 (15/3/89)	92.02 (8/12/89)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1895 9	1909.1	1940.5	1936.4	1956.5	1525.1	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	349.4	345.1	337.8	322.4	316.1	185.4	349.4 (15/1/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2366.2	2380.1	2417.9	2412.6	2436.3	1871.8	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.50	4.47	4.40	4.40	4.36	4.80				
Earning Yld %(full)	10.98	10.91	10.72	10.73	10.63	12.07				
P/E Ratio(Net)(☆)	11.02	11.10	11.29	11.28	11.39	10.02				
SEAQ Bargains(5pm)	27,013	34,468	32,618	29,582	30,788	29,812				
Equity Turnover(£m)†	-	1033.66	1184.83	838.72	977.56	1570.33				
Equity Bargains†	-	35,908	32,860	30,914	33,083	37,737				
Shares Traded (ml)†	-	457.7	502.1	423.9	414.5	727.8				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.57

Ordinary Share Index, Hourly changes. Day's High 1896.9 Day's Low 1886.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1891.0	1895.0	1886.9	1889.3	1890.9	1888.7	1891.4	1890.5

FT-SE, Hourly changes Day's High 2366.4 Day's Low 2352.8

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2354.4	2360.6	2354.0	2356.6	2359.0	2355.8	2358.0	2358.5

GILT EDGED ACTIVITY

Indices*	Jan 12	Jan 11
Gilt Edged Bargains	78.8	85.6
5-Day average	80.4	81.6

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	5,400	198	-1	Comm. Union	433	488	-4	Lloyds Bank	1,400	295	-148	Sears	11,000	105	-3
ASDA Group	4,200	115	-2½	Cookson	1,650	283	-1	LASMO	512	574	-1	Sedgwick	416	290	-4
Abbey National	3,620	181½	-3½	Courtaulds	325	388	-6	Lonrho	1,300	318	-1	Shell Transport	1,600	459	+1
Allied-Lyons	1,500	511	+3	Dalgety	118	400		Lucas	267	650	-6	Siebe	164	484	+3
Amstrad	1,700	51	+½	Dixons	279	138	+½	MB Group	1,300	220	-1	Slough Ests	3	324	+1
Argyll Group	4,200	210	+½	Eng. China Clays	441	452	-1	MEPC	247	523	+5	Smith (W.H.) A	826	334	-12
Ass. Brit. Foods	64	410	-1½	Enterprise Oil	131	649	+2	Marks & Spencer	3,900	197	-5	Smith & Nephew	656	131	-1½
BAA	665	377	-3	FKI	474	85	-3	Maxwell Comm.	294	220	-1	SmKl Beecham	1,800	585	-8
BAT Inds.	3,300	823	-7	Ferranti	3,850	34½	+1	Mecca Leisure	270	181	-3	SmKl Beecham Units	138	2570	-50
BET	2,500	256	-6	Fisons	877	332	-3	Midland Bank	682	364	-4	Smiths Inds.	109	278	-1
BICC	572	482	-9	Gen Accident	52	1143	-4	NatWest Bank	2,400	349	+3	Standard Chartd.	1,200	545	-5
BOC	510	543	-9	General Elect.	5,200	234		Next	3,200	98	-1	Storehouse	721	119	-2
BPB Inds.	905	237	-2	Glaxo	2,000	765	-10	Northern Foods	430	314	-1	Sun Alliance	1,700	319	+3
BTR	1,300	451	-3	Globe Inv	588	186½	-3½	Pearl	4	688		Sun Life	4	1298	+3
Barclays	684	554	-5	Glynwed Int.	67	251	-2	Pearson	63	735	-5	T&N	123	214	+1
Bass	756	1068	+14	Granada	734	347	-7	P & O	538	648	+9	TI Group	109	423	-2
Beazer	1,100	174	+3	Grand Met.	2,700	626	-6	Pilkington	3,100	231½	-3½	TSB	2,400	133	-1
Berisford Int.	147	138	-1	GUS A	107	1054	-19	Polly Peck Intl.	1,800	400	-1	Tarmac	1,900	257	-1
Blue Arrow	424	91	-½	GRE	1,178	342		Prudential	2,800	217		Tate & Lyle	1,200	302	
Blue Circle	1,300	247	-2	GKN	282	438	+4	RHM	240	433	-2	Taylor Woodrow	18	306	+1
Boots	3,200	273	-2	Guinness	1,500	654	-3	RMC	342	719	+1	Tesco	1,800	190	
Brit. & Comm.	636	82	-1	Hammerson 'A'	1	824	-4	RTZ	920	682	-6	Thames Water	2,200	157	+1½
Brit. Aerospace	1,500	551	-13	Hanson	3,200	233	-½	Racal	7,100	229	-5	THORN EMI	198	789	-2
British Airways	5,300	215	-8	Hanson Warrants	2,800	60		Racal Telecom	585	370	-9	Trafalgar House	898	363	+3
British Gas	4,400	226	+½	Harrisons Cros.	264	161	-4	Rank Org.	486	847	+1	Trusthouse Forte	805	253	+1
British Land	38	398	+3	Hawker Sidd.	378	694	-7	Reckitt & Colman	210	1240	-5	Ultramar	1,000	365	-3
BP	6,770	329	-2	Hillsdown	390	277	-3	Redland	280	598	-1	Unigate	574	337	-3
British Steel	2,800	137		IMI	122	325		Reed Intl.	1,500	450	-1	Unilever	1,800	673	-11
British Telecom	4,200	297	-4	ICI	1,100	1143	-8	Reuters	1,230	1023	-8	United Biscuits	1,500	357	-3
Bunzl	2,100	111	-2	Inchcape	225	392	-8	Rolls Royce	10,000	189½	-1½	Utd. Newspapers	99	451	-4
Burmah Oil	296	663	+6	Jaguar	2	849		Rothmans	94	674	+1	Wellcome	513	780	
Burton	596	210	-4	Kingfisher	604	298	-2	Ryl Bk Scotland	988	201	-3	Whitbread 'A'	435	409	-4
Cable & Wire.	2,200	539	-1	Ladbroke	1,300	329	+2	Royal Insurance	538	540	+2	Williams Hldgs.	281	243	
Cadburys	2,200	351		Land Securities	919	622	+4	STC	3,000	270	+3	Willis Faber	115	280	+1
Calor Group	23	373	-3	Laporte	107	510	-2	Saatchi	231	259		Wimpey	83	250	
Carlton Comms.	625	781	+3	Legal & General	655	411	-2	Sainsbury	1,600	259	-3				
Coats Viyella	1,100	148½	-3½	Lloyds Abbey	600	322		Scottish & New.	1,525	348	-3				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Good news from the Pru

Shares in Prudential, the life assurance group, were put under pressure along with the rest of the market during early business but staged a sustained rally after the life group revealed a set of encouraging new business figures for last year.

The group's worldwide new annual premiums were up 24 per cent at £619m and new single premiums up 30 per cent to £2.32bn, figures described by sector specialists as being ahead of expectations.

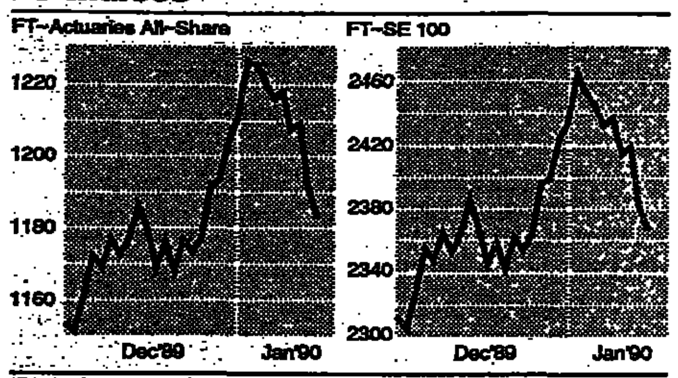
Mr Peter Constable, insurance analyst at Flemings Research, said Prudential was his favourite stock in the whole of the insurance arena. "We feel a great deal more comfortable with Prudential than, say, Legal & General and the composites – Royals, Commercial Union and General Accident; these have been driven up by weak sterling and the assumption that the US underwriting cycle trend is upwards. One has to remember that Prudential has a big US exposure via its Jackson National Life subsidiary acquired a couple of years ago."

Mr Trevor May at Nomura Research labelled Prudential as "the best value stock in the life sector" and described the figures as "pretty good." But he was cautious of the life sector ahead of the UK budget which, he said, could well include some threats to the way life funds are taxed.

Prudential shares fell away to 212p before rallying to close unchanged on balance at 217p; turnover was 2.9m shares.

FT Indices

FT-Actuaries All-Share FT-SE 100



Tiphook deal

The likely sale of most of Sea Containers assets for more than $1bn to Tiphook and Stena, the Swedish ferry operator, was interpreted by dealers and analysts as a victory for the buyers. The two have been trying to buy the whole of Sea Containers since May: "This is just another way of skinning the cat," said Mr Mark McVicar, analyst at County NatWest WoodMac.

Tiphook shares climbed to 486p before settling at 482p still up 4 on the day. A clearer measure of the market's response was the price of the convertible, up 19 at 140p. It is partly paid – 105p has changed hands so far. If the deal with Sea Containers is successful they are convertible into the shares at 420p. So the price for the convertible should be the share price less that amount still due, or 171p. The difference represents the uncertainty of the deal being completed for if it fails, four partly paid stocks will convert into one ordinary share, making the partly paid worth only 121¼p.

The high value placed on Sealink, which is part of the sale, helped P&O, which runs a rival cross-Channel ferry service. P&O advanced 9 to 648p, although at least one analyst said the price paid for Sealink was high.

NatWest recovered from an early decline to 341p to close a net 3 firmer at 349p on turnover of 2.4m. Traders said there was no real story behind the good showing other than a recent stock shortage and the fact that the shares had tended to be left behind by the other front-rank banking issues during their strong performances during December.

Lloyds Bank were finally unchanged at 295p after being altered to allow for the one-for-two scrip issue.

Composite insurances were mixed, Commercial Union and General Accident dipping 4 apiece at 488p and 1143p respectively but Royals ended 2 better at 540p and Sun Alliance 3 up at 319p.

Internationally quoted stocks suffered badly in early trading. The Tokyo stockmarket was closed, so dealers marked shares lower on the basis of Friday's late weakness on Wall Street. Tokyo's absence worried some traders: "Japanese companies do much more business with the Eastern bloc than British companies. The stockmarket there is a better barometer of Soviet events," said one.

Falls on Wall Street yesterday were limited and buyers from both the UK and the Continent took the opportunity to pick up international stocks cheaply. Most ended significantly above their worst. Glaxo shed 20 points but halved that loss to 765p on largely Continental buying. It was domestic interest that hauled ICI up from 1130p to finish a net 8 off at 1143p. Such buying was less apparent in Unilever, which shed 11 to 673p, and Smithkline Beecham where the "A" shares lost 8 to 586p.

The rump of Fisons' rights issue, 5m shares, was said by dealers to have been placed at 325p. The issue was made on December 18 at 290p, and the price yesterday eased 3 to 332p.

The oil and gas sector put on a resolute performance with dealers saying that the traditional defensive qualities of the big oil stocks during turbulent times had more than compensated for the latest decline in crude oil prices.

British Gas managed a minor gain at 226p, still helped by the recent positive note on the stock from County NatWest. BP were only a couple of pence off at 329p on 6.8m and Shell were extremely resilient, closing a fraction harder at 459p on 1.6m.

A 28-page note on Ultramar, labelling the stock a long-term buy, and issued by the oil team at Smith New Court, had been well-heralded but underpinned the shares which closed only 3 off at 365p.

The best performance in the oils came from Burmah Oil, which rose 6 to 663p amid suggestions by dealers that SHV had taken advantage of recent dull trading days to increase its shareholding. This was last revealed as being 9.14 per cent. Although claiming not to be interested in bidding for Burmah, SHV is thought by many to want to significantly increase its stake in Burmah; moreover, many analysts refuse to rule out a potential deal with Calor.

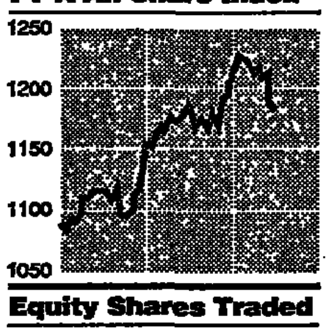
Ibstock Johnsen, the brick manufacturer, were keenly supported and rose 4 to 151p, with the warrants 3 firmer at 42p, amid vague takeover speculation.

STC highlighted an otherwise subdued electronics/telecoms area, with the shares closing 3 better at 270p, after news that the group's ICL subsidiary will launch a new mid-range computer, the Unicorn, this Thursday. One electronics analyst said there were high hopes that the machine will boost the performance of ICL in what is going to be a difficult year. He also said the shares looked cheap against the market.

British Telecom lost 4 to 297p on 4.2m shares while Cable & Wireless held up well at 539p on 2.2m. Racal Telecom fell 9 more to 370p after the County NatWest WoodMac profits downgrading.

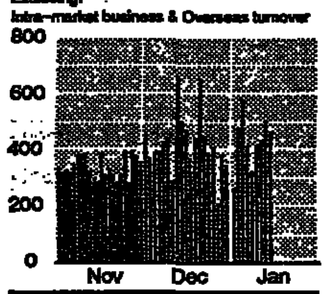
Continental Microwave moved up 5 to 135p after the group revealed it has won a £20m order to provide British Satellite Broadcasting with components for BSB's "squarial" receiving dish. Quotient, a firm market last week, rose 3 more to 78p after the statement on second-half prospects.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



British Airways continued Friday's poor performance, falling another 8 to 215p on talk of further analysts' downgradings. Volume was a busy 5.3m shares.

TVS Entertainments eased 7 to 162p ahead of interim figures today. Anglia TV's finals are on Thursday and the shares shed 6 to 262p.

Weekend press tips and a continuing shortage of stock conspired to leave Bass 14 better at 1068p, one of the best performances of the day among FT-SE 100 stocks.

Friday's positive note from BZW on Allied Lyons helped the shares once more. They closed 3 firmer at 511p. Dealers said a stock shortage helped Wolverhampton and Dudley add 2 at 419p.

Retails sales figures for December were much higher than analysts' forecasts and led to a two-way pull among retail stocks. On the bullish side were those who are looking to a recovery of profits in the sector, while on the bearish team were those who saw the statistics as fuelling inflation, increasing the chance of an interest rates rise and thereby a recession.

Marks and Spencer slid to 195p before closing at 197p, down 3 and further undermined by fears of the status of a $30m north American retailing deal in with financially troubled Campeau.

Profit-takers were once again in evidence at Body Shop, 12 lower at 588p, while recent brokers' caution on the outlook for mail-order left GUS "A" 19 down at 1054p.

Weekend press comment on wallpaper supplier Colefax & Fowler helped the shares advance 8 to 174p. Dr Edmund Bradley at Citicorp Scrimgeour Vickers rates the shares a buy, pointing out the high levels of foreign earnings and strong brands.

Heavy turnover in Sears – 11m shares changed hands – was the result of the placing of two blocks of more than 2m shares each, said traders. The price slipped 3 to 105p.

Advertising agency KLP agreed to a £32.1m cash offer from RSCG, a French agency. The bid is worth 238p a share and the news left KLP at 233p, an improvement of 73 but 12 below the best of the day.

AAH Holdings were weakened by talk of a possible rights issue. The shares fell to 374p at one point but later rallied to end 8 down at 380p.

Laporte were steady following last week's upbeat investors' visit to the company. The shares came off 2 to 510p. Foseco eased 3 to 301p as the company announced it had acquired the mining products businesses and other assets of Chemfix Australia for £3.2m.

BOC moved a penny forward to 553p, on favourable sentiment ahead of Thursday's annual meeting.

Rolls-Royce was one of the most active trades among engineering stocks. Some 10m shares were traded as the price edged ½ forward to 189½p having been 191p earlier in the day, on favourable press comment about a likely ADR listing and talk of new engine orders that could boost the company's market share.

British Aerospace weakened 13 to 551p, on hints, apparently originating in West Germany, that some members of the ruling coalition Government had suggested the cancellation of the European Fighter Aircraft (EFA) project. BAe is one of the prime contractors on the project. But Mr Clive Forrestier-Walker at Kitcat & Aitken said such talk was "unfounded concern at this stage in that the UK and other partners are committed to the programme."

Wassall, currently bidding for Metal Closures eased 5 to 214p. Explaining the the fall, Mr Bruce Jones at Kitcat & Aitken said: "The Wassall price had run strongly ahead of the bid and in a weak market the share price was likely to come under pressure. The price could come back below 200p. The odds still look in favour of Wassall." Profit-takers were said to have caused the fall in Metal Closures. The shares gave up 9to 188p.

Positive press comment lifted Cannon Street Investments 2 to 160p.

ADT shed a penny to 198p as Laidlaw, the Canadian group with a 29 per cent stake in the company, was said to have buying stock in the market.

■ Other Market statistics, including the FT-Actuaries share index, London Traded Options, and recent issues (including the water issue stocks) Page 29

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (29).
AMERICANS (1) STORES (1) ELECTRICALS (1) FOODS (1) INDUSTRIALS (1) Boxmore Intl., INSURANCE (1) PAPERS (3) TRUSTS (1) OILS (2) OVERSEAS TRADERS (1) MINES (18).
NEW LOWS (166).
BRITISH FUNDS (72) INT.BANK & O'SEAS GOVT. STLG. ISSUES (7) FOREIGN BONDS (2) AMERICANS (7) CANADIANS (4) BANKS (7) BREWERS (1) BUILDINGS (1) CHEMICALS (2) STORES (5) ELECTRICALS (6) ENGINEERING (3) INDUSTRIALS (8) ASD, BLP Grp., Bridport-G, Nobo Grp., RKF Grp., Rock, Sale Tilney, Stat-Plus, LEISURE (4) MOTORS (2) PAPERS (9) PROPERTY (7) SHOES (1) TEXTILES (2) TRANSPORT (1) TRUSTS (8) OILS (2) MINES (6) THIRD MARKET (1).

APPOINTMENTS

Unilever forms IT group

■ UNILEVER has appointed Mr W.M. Johnson as head of the newly-created information technology group. He was senior commercial executive with personal products co-ordination. Previously he was chairman of Sunlight Vinola in Denmark. He joined the company in 1960.

■ Mr Alvin V. Shoemaker has been appointed a director of ROYAL INSURANCE HOLDINGS. He was chairman of First Boston Inc. Mr Edward L. Palmer has retired from the board.

■ G.F. LOVELL has appointed Mr Bob Taylor as group managing director. In 1983 he led the management buyout from Tarmac of Insuwall, now a subsidiary of G.F. Lovell. Mr Peter Johnson has been appointed group secretary. He was director and secretary of Tarmac Industrial Holdings. Mr Colin Crawford becomes group chief accountant. He was finance director of the Patent Shaft Co.

■ FORESIGHT has appointed Mr John Kettlewell and Mr Michael Revell as non-executive directors.

■ Ms Susan Lloyd has been appointed an executive director of SCHRODER VENTURES, to work with investors worldwide. She was managing director of Venture Economics which she founded in 1983.

■ VENTURE ECONOMICS, a research and publishing company, has promoted Mr Jamie Johnson, head of research and consulting, to managing director; and appointed Mr Jeff Gibson as executive director - he was with Fisons group.

■ INTERNATIONAL DATA CORPORATION has appointed Mr Jim Beveridge as director of its European research centre, Chiswick. He was director, European semiconductor division, Dataquest Europe.

■ Mr Frank Tizzard has joined QUALITY PIPEWORK SERVICES as operations director.

■ Mr Nelson Robertson, chairman of General Accident Fire and Life Assurance Corp, has been appointed a director of THE BRITISH AVIATION INSURANCE COMPANY, succeeding Mr Buchan Marshall, who has retired.

■ Mr David Richards has joined THE WARD GROUP as corporate development director. He was a director of Red Fearn.

■ Mr George Hendry has been appointed a main board director of EUROPEAN LEISURE. He was an operational director.

■ UNITED CINEMAS INTERNATIONAL has appointed Mr Huw Rhys-Lewis as design and development director. He was divisional director with John Taylor & Associates, and succeeds Mr Calvin Beck who has been promoted to international director, design and development.

■ THE MANULIFE GROUP, UK subsidiary of Canadian-based Manufacturers Life Insurance Co, has appointed Ms Jean Wood as managing director of The Manufacturers Life Insurance Co (UK), life and pensions arm of the group. She was assistant general manager, sales and marketing.

■ MPL POWER SYSTEMS has appointed Mr Paul Lawrence as financial controller. He was with Perex.

■ Mr Peter Sutcliffe has been appointed operations director, UK and Europe, IMI YORKSHIRE FITTINGS, Leeds. He was manufacturing director, Laurence, Scott and Electromotors, and succeeds Mr Barry Pointon who was appointed managing director last June.

■ DOMINION INSURANCE has appointed Mr David Brazier as deputy fire underwriter, UK division. He was commercial property underwriting manager, Lombard Continental.

■ Mr Edgar Tarr, deputy chairman, D.B. Marshall, has been appointed a non-executive director of NOTTINGHAM BUILDING SOCIETY, replacing the Earl of Ilchester who has retired.

■ Mr Richard J. Miller has been appointed vice president and account officer at FIRST WACHOVIA CORPORATE SERVICES INC. London.

Mr Colin Bird (above) has been appointed managing director of PLATEAU MINING, part of the Robertson Group. He was technical and operations director, Costain Mining. Mr Neil Hamilton, MP, has been appointed a non-executive director.

More appointments on page 17

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	51.84	52.51	55.87	-1.58	4.90
Gilts & Fixed Int	6	106.4	106.4xd	112.9	-0.4	8.86
High Inc Equity	6	137.5	137.5xd	147.1	-1.8	4.32
Worldwide Bond	6	201.7	201.7	213.7	-1.3	4.96
Capital Growth						
American Growth	6	186.9	188.7xd	200.8	-5.7	1.09
Asian Pacific	6	124.2	124.2xd	132.9	-5.2	0.98
Assets & Earnings	6	159.8	159.8	171.0	-1.9	2.16
Capital Reserve Acc	0	88.70	88.70	88.83	-0.01	6.75
Capital Reserve Inc	0	78.71	78.71	78.83	-0.01	7.61
Comdty & Energy	6	118.7	118.7	127.0	-1.2	1.50
Dividend & Growth	6	47.75	48.83	51.95		4.33
1992 Enterprise	6	62.77	64.11	68.21	-0.85	2.43
Euro Capital Acc	6	102.1	102.8	109.4	-1.5	0.69
Euro Capital Inc	6	98.39	99.17	105.5	-1.4	0.71
General	6	181.2	181.2	193.8	-2.3	2.58
International	6	61.23	62.09xd	66.06	-1.18	0.76
Japan	6	117.4	117.4	125.6	-0.4	0.00
Mastertrust	6	92.10	92.10	98.51	-1.4	1.73
UK Growth Acc	6	183.2	183.2	196.0	-2.8	1.62
UK Growth Dis	6	121.1	121.1	129.6	-1.8	2.45
US Emerging Cos	6	52.79	54.12	57.58	-2.01	0.00
Income & Growth	6	308.1	308.1	329.6	-4.4	3.11
Ethical	6	48.17	48.17	51.52	-0.67	1.94
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	31.93	31.93	34.08	-0.67	3.12
European	5¼	83.02	83.02	88.62	-1.00	0.00
European Income	5¼	78.71	78.71	84.03	-1.08	1.96

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wardley Unit Tst Mngrs Ltd (0900)H						
3 Harbour Exchange, London, E14 9GJ 01-956 5055						
American ◆	5¼	68.84	68.84	73.62	-0.98	1.5
Intl Growth ◆	5¼	82.50	82.50	88.23	-1.74	0.8
Income ◆	5¼	133.4	133.4	142.6	-1.00	4.8
Japan Growth ◆	5¼	242.0	242.2	258.8	-1.80	0.1
Pacific Perf ◆	5¼	157.4	157.4	168.3	-2.30	0.1
Small Co's ◆	5¼	134.6	134.6	143.9	-0.68	1.4
Technology	5¼	33.41	33.41	35.73	-0.56	0.1
Australia	5¼	63.15	63.15	67.54	-2.05	2.8
UK Trust ◆	5¼	181.4	181.4	194.0	-1.88	2.6
European Growth ◆	5¼	76.45	76.45	81.76	-0.92	0.1
Hong Kong ◆	5¼	32.70	32.70	34.97	-0.78	1.9
Intl Income	5¼	21.68	21.68	23.18	-0.41	7.2
Spec & Mkts Gth	5¼	39.74	39.74	42.50	-1.90	0.1
British Winners ◆	5¼	26.79	26.79	28.65	-0.38	2.2
Japan Smllr Cos ◆	5¼	32.97	33.02	35.32	-0.33	0.1
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	15.82	16.07	17.09	-0.15	0.00
Pacific Basin	6	30.17	30.17	32.09	-0.47	0.60
Can Balncd Gwth ◆	6	45.43	45.43	48.32	-1.52	0.10
Ginnie Mae ◆	4	0.9712	0.9741	1.0346	-0.008	7.52
Penny Share	6	28.97	28.97	30.81	-0.48	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	145.3	147.9	157.4	-1.3	5.72
Wellington Growth	5¼	241.8	242.3	257.7	-3.3	1.55
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 290492						
Wessex UK Gwth	4½	112.3	116.2	121.0	-0.7	3.86
Whittingdale Unit Tst Mngmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger ◆ F	2¼	61.33	61.33	62.89	-0.30	0.00
Short Dtd Gilt ◆ F	1¼	83.00	83.00	84.13	-0.01	6.02
U.S. Govmt Bond ◆ F	1¼	0.5795	.5795	.5870	....	0.00
Wilfbro Financial Services Ltd (0905)F						
PO Box 515, 6 Broadgate, London EC2 01-588 7511						
Aust Friars W'wide	5	206.6	210.1	223.5	....	2.36
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convtbl & Equity	5	58.41	58.41	62.24	....	7.42
European	5	83.60	83.86	89.21	....	0.09
Far Eastern	5	78.70	79.05	84.10	....	0.58
Growth Inc	5	79.85	79.85	85.11	....	1.57
Growth Acc	5	79.92	79.92	85.20	....	1.57
Income Inc	5	78.86	78.86	84.06	....	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
AEtna Life Insurance Co Ltd—Contd.				
Bond	421.16	421.17	-4.50	-
Property	246.91	246.92	-2.98	-
Overseas Investment	313.90	313.91	-3.55	-
Pension Funds (Accumulation Units)				
Squirrel	15.92	16.76	-0.01	-
Bear	17.45	18.37	-0.17	-
Owl	23.25	24.46	-0.32	-
Bull	20.44	21.52	-0.23	-
Stag	19.91	20.96	-0.18	-
Gilt Edged	13.84		-0.05	-
Deposit	13.69			-
North American	10.33	10.88	-0.16	-
European	12.39	13.05		-
Property	12.02	12.66	-0.09	-
Index-Linked	12.05	12.69		-
Far Eastern	14.35	15.11	-0.14	-
UK Equity	15.93	16.77	-0.21	-
Fixed Interest	12.10	12.74	-0.03	-
Gilt Edged (89)	10.01	10.54	-0.03	-
1982 Series				
Managed	301.39	317.26	-2.96	-
Pre 1982 Series				
Aetna Life				
3 Way	722.87	722.88	-6.99	-
Equity Pensions	1269.21	1269.22	-14.14	-
Aetna Pensions Ltd				
3-Way Managed	641.63	641.63	-7.82	-
Exempt Approved				
Mixed Managed	220.74	225.25	-2.52	-
Gilt Edged	13.84		-0.05	-
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311				
Life Funds				
Brit Blue Chip Fd Acc(z)	146.4	154.0	-1.7	-
Equity Fd Acc(z)	1082.6	1139.5	-12.0	-
European Fd Acc(z)	290.4	305.6	-3.7	-
Intl Fxd Int Fd Acc(z)	211.9	223.0	-0.9	-
Fixed Int Acc(z)	345.9	364.0	-0.3	-
Gtd Money Fd Acc(z)	246.3	259.2	+0.2	-
High Income Fd Acc(z)	123.0	129.5	-0.7	-
Intl Man Fd Acc(z)	428.2	450.7	-4.9	-
Japan Fd(z)	312.0	328.4	-2.6	-
UK Smllr Co's Fd Acc(z)	111.9	117.8	-1.2	-
European Metro	128.2	134.9	-0.7	-
Global Metro	107.0	112.6	-1.8	-
Sunrise Metro	127.1	133.7	-2.1	-
UK Metro	113.1	119.0	-1.4	-
Nth American Fd Acc(z)	206.2	217.0	-4.5	-

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Providence Capitol Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Mutual Investments—Contd.

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Skandia Life Assurance Co Ltd—Contd.

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Target Life Assurance Co Ltd—Contd.

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Zurich Life Assurance Co

Rothschild Asset Mgmt & Inv Grp ("RIBIG")

Sharp (Albert E.) & Co.

Sitiala Fund Managers Limited

South Yorks Investment Management

Tattersall Investment Mngt. Ltd

Towry Law & Co

J. D. Ward Financial Services Ltd

Westcourt Asset Management Ltd

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

Royal Bank of Canada Funds

IOM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

Gartmore Luxembourg SA

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 31/32	98½	Exch 11pc 1990‡‡	99¼xd	+1/32	11.03	14.53
101	99	Exch. 12½pc 1990	99	......	12.56	14.90
97⅞	91	Treas. 3pc 1990	97	–¼	3.08	12.05
97	95⅝	Treas 8¼pc 1987–90‡‡	97	–	8.45	14.13
98	95¼	Treas. 8pc Cv 1990 ‡‡	97	–	8.23	14.14
98	96	Treas. 10pc Cv 1990	96	–	10.33	14.49
93	87	Exch 2½pc 1990	93¼	–	2.68	11.03
101	97	Treas 11¾pc 1991	97	–¼	12.01	14.14
93¾	89⅞	Funding 5¾pc '87–91‡‡	92⅝	–⅛	6.19	12.22
90	86	Treas. 3pc 1991	90⅜	–	3.32	10.98
100	95½	Treas 10pc Cv '91 ‡‡	95	–	10.45	13.32
101	96	Exch. 11pc 1991	96	–	11.40	13.23
94	91	Treas. 8pc 1991	91	–	8.73	13.13
106	99	Treas 12¾pc 1992‡‡	99xd	–	12.75	12.76
99½	94¾	Treas 10pc 1992	94xd	–	10.53	12.81
94	90	Treas 8pc 1992 ‡‡	91	–	8.79	12.70
100¾	95	Treas 10½pc Cv 1992‡‡	95	–	10.94	12.55
85⅝	82¼	Treas. 3pc 1992	84⅜	–	3.56	10.59
105	99	Exch 12¼pc '92	99	–	12.36	12.62
109¾	102¼	Exch 13½pc 1992	102¼	–	13.20	12.44
94	89	Treas 8¼pc 1993	89xd	–	9.17	12.25
100	94⅝	Treas 10pc 1993‡‡	94⅝	–	10.57	12.03
108¾	101	Treas 12½pc 1993‡‡	101	–	12.34	12.04
88	84	Funding 6pc 1993‡‡	85	–	7.02	10.92
113¾	105½	Treas 13¾pc 1993‡‡	105½	–	13.04	11.92
94⅜	89	Treas. 8½pc 1994	89xd	–	9.52	11.90
117	108	Treas 14½pc 1994‡‡	108⅞	–	13.33	11.72
113	105⅝	Exch 13½pc 1994	105⅝	–	12.81	11.83
100⅝	94⅜	Treas. 10pc Ln. 1994‡‡	94⅜	–	10.59	11.64
110¼	102¼	Exch. 12½pc 1994	102¼	–	12.23	11.81
96	90	Treas 9pc 1994‡‡	90	–	9.94	11.60
		Five to Fifteen Years				
108	101	Treas 12pc 1995	101xd	–	11.87	11.69
79⅞	72	Exch 3pc Gas 90–95	75½	–	3.97	8.62
101	94	Exch. 10¼pc 1995	94xd	–	10.81	11.54
113	105	Treas 12¾pc 1995‡‡	105	–	12.08	11.41
119	109	Treas. 14pc '96	109xd	–	12.73	11.64
97½	89	Treas. 9pc 1992–96‡‡	89	–	10.01	11.32
126	116	Treas 15¼pc 1996‡‡	116	–	13.07	11.45
117	108	Exch 13¼pc 1996‡‡	108	–	12.25	11.40
101	93	Conversion 10pc 1996	93	–	10.65	11.29
118½	109	Treas 13¼pc 1997‡‡	109xd	–	12.13	11.30
104	96	Exch 10½pc 1997	96xd	–	10.89	11.25
95	88	Treas 8¾pc 1997‡‡	88	–	9.90	11.04
128⅝	117	Exch 15pc 1997	117	–1	12.73	11.46
100	92	Exch. 9¾pc 1998	92xd	–1	10.49	11.11
84⅞	78⅝	Treas 6¾pc 1995–98‡‡	78	–	8.58	10.68
134	123	Treas. 15½pc '98‡‡	123	–1	12.61	11.27
113	104⅝	Exch. 12pc 1998	104⅝	–1	11.50	11.20
100¼	92⅛	Treas 9½pc 1999‡‡	92⅝	–	10.28	10.83
115⅞	106	Exch. 12¼pc 1999	106	–1	11.54	11.15
105⅝	96	Treas. 10½pc 1999	96	–	10.83	11.02
104	95	Conversion 10¼pc 1999	95	–	10.73	10.99
94	86½	Treas. 8½pc Ln 2000‡‡	86½xd	–	9.83	10.73
97	89	Conversion 9pc 2000‡‡	89	–	10.07	10.74
122	111⅛	Treas. 13pc 2000	111	–	11.67	11.13
103⅝	94½	Treas 10pc 2001	94⅝	–	10.58	10.84
124	113	Treas. 14pc '98–01	113	–	12.31	11.40
102	93	Conversion 9¾pc 2001	93xd	–	10.45	10.78
113	104	Exch. 12pc '99–02	104¼xd	–1	11.51	11.23
104	95	Conversion 10pc 2002	95	–	10.51	10.71
102	93	Treas 9¾pc 2002	93⅝	–	10.42	10.68
97	88⅝	Exch. 9pc 2002	88⅝	–	10.14	10.62
126	115	Treas. 13¾pc 2000–03	115¾xd	–2	11.88	10.17
105⅝	95	Treas 10pc 2003	95	–1	10.43	10.57
113	103	Treas. 11½pc 2001–04	103	–1	11.14	10.98
106	96	Treas. 10pc 2004	96¼	–1	10.39	10.51
59⅞	54	Funding 3½pc '99–04	54	–½	6.48	9.36
102	92¾	Conversion 9½pc 2004	92	–	10.22	10.44
		Over Fifteen Years				

BRITISH FUNDS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103	92	Conversion 9½pc 2005	93¼	–	10.20	10.40
111	100	Exch. 10½pc 2005	100⅞	–1	10.41	10.38
125	113	Treas. 12½pc 2003–05	113⅝	–1⅛	11.00	10.60
90	81	Treas. 8pc 2002–06‡‡	81⅝	–	9.80	10.32
118	107	Treas. 11¾pc 2003–07	107xd	–1	10.89	10.61
96	86½	Treas 8½pc 2007 ‡‡	86⅝	–1	9.81	10.14
134⅝	121	Treas. 13½pc '04–08	121⅝	–1⅛	11.10	10.52
101	90	Treas. 9pc 2008 ‡‡	91	–	9.89	10.07
94	90¼	Treas 9pc 2008 B	91	–	9.89	10.07
92	82	Treas 8pc 2009	82½	–1	9.68	10.03
102	91	Conv 9pc Ln 2011 ‡‡	91¼xd	–	9.87	10.00
68⅞	60	Treas. 5½pc 2008–12‡‡	60⅞	–	9.03	9.83
89⅞	79⅝	Treas. 7¾pc 2012–15‡‡	79xd	–	9.72	9.96
132	117	Exch. 12pc '13–'17	117⅞	–1	10.19	10.02
		Undated				
45⅝	39	Consols 4pc	39xd	–	10.02	–
40¼	35	War Loan 3½pc‡‡	35	–	9.91	–
70	60⅝	Conv 3½pc '61 Aft	60¾	–	5.76	–
41	31	Treas. 3pc '66 Aft	31⅜	–	9.56	–
30¼	24⅝	Consols 2½pc	24⅞	–	10.05	–
29½	24⅜	Treas. 2½pc	24½	–	10.26	–

Index–Linked

1989/90 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
112¼	103	Tr. 2pc '92‡‡(97.8)	112¼	–	3.28	4.42
105	94	Do. 2 '94 (102.9)	105	–	3.05	3.61
156	139⅝	Do. 2pc '96(67.9)	155	–	3.07	3.45
131⅝	118	Do 2½pc '01(78.3)	130½	–	3.48	3.73
128⅝	115⅝	Do 2½pc '03(78.8)	127⅜	–	3.55	3.77
131	117	Do 2pc '06(69.5)	130xd	–	3.58	3.76
123	110¼	Do. 2½pc '09(78.8)	121	–	3.57	3.73
128	114	Do. 2½pc '11(74.6)	127	–	3.56	3.71
107	95¼	Do 2½pc '13(89.2)	105xd	–	3.55	3.68
115¾	101⅛	Do. 2½pc '16(81.6)	114¼xd	–	3.50	3.64
113	100⅞	Do. 2½pc '20(83.0)	111⅝	–	3.46	3.58
95¼	84	Do. 2½pc '24‡‡(97.7)	94¼xd	–	3.41	3.52

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989: 118.5.

INT. BANK AND O'SEAS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	97	African Dv Bk 11¼Ln 2010	97	–1⅛	11.47	11.50
104⅞	93	Asian Dev Bk 10¼pcLn2009	93	–1	11.01	11.13
130	116¼	Australia 13½pc 2010	116⅝	–1	11.56	11.38
113	100	Do. 11⅝pcLn2015	100	–1¼	11.34	11.34
110	97	Euro Inv Bk 11pc Ln 2002	97	–1	11.27	11.35
119	106⅝	Int-Am Dev Bk 12½pc 2003	106⅝	–1	11.72	11.50
99¼	88	Do. 9¾pcLn 2015	88	–1	11.08	11.17
97½	89	Mlysia 10¾ pcLn 2009	89	–½	12.08	12.24
120	110	Utd. Mexican States 16½pc 2008	110	......	15.00	14.90

CORPORATION LOANS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
111½	95½	Birmingham 11½pc 2012	100½	......	11.44	11.40
91	85½	GLC 6¾pc 1990–92	88½xd	......	7.63	12.80
124¼	115½	Leeds 13½pc 2006	115½	......	11.69	11.69
93	29	Liverpool 3½pc Irred	30	......	11.67	–
95½	92	LCC 6¾pc '88–90	95½xd	......	7.07	11.60
30	26	Do. 3pc '20 Aft	26	......	11.54	–
107½	99½	Manchester 11½pc 2007	100½	......	11.44	11.40

COMMONWEALTH & AFRICAN LOANS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988–92	87¼	–¼	8.31	12.50
206	206	S Rhod 2½pc Non-Asstd	206	......	–	–
84½	84½	Do. 4½pc 87–92 Asstd.	84½	......	5.33	9.33

LOANS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Building Societies				
100½	98¾	N'wide Anglia 12⅝pc 29.1.90	99	+1/16	12.57	15.28
100	98¾	Do. 12pc 26.2.90	99	+	12.74	15.39
100	98	Do. 12⅝pc 19.3.90	99	+	12.94	15.34
100	98	Do. 13¼pc 23.4.90	99	+	13.45	15.26
100	98	Do. 13pc 14.5.90	99¼	+	13.10	15.23
100	98⅝	Do. 13pc 4/6/90	99	–	13.77	15.22
100	99⅛	Do. 14pc 2.7.90	99xd	–	14.36	15.03
100⅛	98	Do. 13⅝pc 23.7.90	99	......	13.71	14.97
100	98	Do. 13pc 13.8.90	99xd	+	13.53	14.90
100	98	Do. 13½pc Bds 3.9.90	99	......	13.63	14.85
109	98½	Do. 3⅞pcIL Ln 2021	108	+½	4.31	4.49
109	99⅛	Do. 4.25pcIL '24	107½	+¼	4.28	4.29
		Public Board and Ind.				
47	43	Met. Wtr. 3pc 'B'	45xd	......	6.67	10.86

FOREIGN BONDS & RAILS

1989/90 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	40	Greek 7pc Ass.	50	......	3.50	f7.00
50	40	Do. 6pc 28 Stb. Ass.	50	......	3	f6.00
50	40	Do 4pc Mixed Ass	50	......	2	f4.00
80	65	Hung '24 Ass.	80	......	2.75	f3.57
139	124	Hydro Quebec 15pc 2011	124	–1	15.00	11.84
128	113	Iceland 14½pc Ln 2016	114	–1	14.50	12.65
97¾	89¾	Ireland 9¾pc '91–96	89¾	–¼	10.74	12.00

AMERICANS

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
44	26¼	Abbott Laboratories‖	40½xd	–1	$1.40	–	2.2
579p	361p	♥Allegheny & W 1c.	479p	–32	30c	–	4.0
18⅞	12	Amax $1	15xd	–½	80c	–	3.4
11⅝	6	Ambase Corp $1	6½	–¼	20c	–	1.9
15	695p	Amdahl 5c	867pc	–17	h10c	–	0.7
37⅞	25½	Amer. Cyanamid $5	31¾	–	$1.35	–	2.7
25	14	Amer. Express 60c	19⅝xd	–	92c	–	3.0
29⅝	15¾	American T. & T. $1	25¼	–1¼	$1.20	–	2.9
42¼	26	Ameritech $1	36⅜	–1	h$2.92	–	5.1
659p	490p	♥Asiamerica Equity‖	523p	–3	–	–	–
22	9⅝	BankAmerica $1	15xd	–	60c	–	2.4
37⅛	19⅛	Bankers N.Y. $1	23⅞cl	–	$2.12	–	5.6
70¼	38½	Bell Atlantic $1	59	–2	$4.40	–	4.7
36⅝	19⅜	BellSouth Corp.	31	–1¼	$2.52	–	5.1
15⅞	9¾	♥Bethlehem Steel $8	18xd	–½	40c	–	2.4
12	868p	♥Bio-Rad Labs. A	995p	–17½	–	–	–
20¼	15¼	Bowater Inc	16⅛	–⅛	$1.20	–	4.7
12⅞	8	Brunswick 75c	8xd	–	44c	–	3.4
46⅝	28⅜	CPC Intnl. 25c	41⅝	–1	$1.80	–	2.7
863p	333p	California Engy	714p	–3	–	–	–
36	17¼	Campbell Soup 15c	29½xd	–	$1.00	–	2.1
28⅞	15	Chase Manhattan $12½	18⅞xd	......	$2.38	–	7.9
26⅛	17	Chem. Banking Corpn.	17⅝	–¼	$2.72	–	9.8
17½	10⅞	Chrysler $6¼	10⅞xd	–⅛	$1.20	–	7.0
22	14	Citicorp $1	16xd	–½	$1.62	–	6.4
41⅝	25¼	Colgate-Palmolive $1	36⅞xd	–	$$1.48	–	2.5
17¼	10¼	Com'l Bank Corp $4	11½	–⅛	$1.00	–	5.5
410p	218p	♥Corporate Data Scnce.	291p	......	–	–	–
27½	19⅞	Dana Corp. $1	19⅞xd	–¼	$1.60	–	5.1
12	673p	Data General	673p	–26	–	–	–
38⅜	26¼	Dun & Bradstreet $1	26¼	–1	$2.00	–	4.8
43¼	24½	Eaton Corpn. 50c	31¾	–1	h$2.00	–	4.0
11⅜	8¼	Echlin Inc	8⅝	–¼	70c	–	5.1
22¼	16⅞	FPL Group 1c	20xd	–⅛	$2.28	–	7.1
23⅜	13⅛	Fluor Corp 62½pc	22½	–⅛	24c	–	0.7
35¼	25	Ford Motor $1	26xd	–	$3.00	–	7.3
41⅝	24¼	Gen. Elect. 63c	37	–1½	$1.88	–	3.2
579p	304p	♥General Host Corp $1	337p	+33	30c	–	5.6
39⅛	18¼	Gillette $1	27⅜	–1⅛	96c	–	2.2
987p	357p	Gt American Bank Bk $1	396p	–17	20c	–	3.2
23⅞	16	Greyhound $1½	18	–	$1.32	–	4.6

Continued on next page

	Bid Price	Offer Price	+ or –	Yield Gross
International Speciality Fund				
Intl Speciality	$13.40		......	–
Investment Portfolio Services (C.I.) Ltd				
Global Mngd Port.	108.0	110.0	......	6.25
JC Global Fund–SICAV				
NAV Jan 15	$9.97		–0.06	–
The Japan Capital Secured Trust				
NAV Jan 4	$10.3592		......	–
Nomura Asia Europe Fund				
NAV Jan 12	$11.40		–0.10	–
Nomura Dragon Global Fund				
NAV Jan 15	$11.05		–0.06	–
Nomura Growth Fund SA				
NAV Jan 15	Y18,313		–260	–
Nomura Prudential Fd Pt II				
NAV Jan 15	$15.52		–0.07	–
Skandifond – Contd.				
Equity Nordic	$1.41	1.49	......	–
Equity UK	£1.20	1.27	......	–
Equity Contl Europe	$1.36	1.44	......	–
Equity Mediterranean	$1.21	1.28	......	–
Equity North America	$1.24	1.31	......	–
Bond Int. Acc.	$8.36	8.62	......	–
Bond Int. Inc	$6.98	7.20	......	–
Bond DEM Acc.	DM0.94	0.96	......	–
Bond DEM Inc.	DM0.94	0.96	......	–

	Gross	Net	Gr Equiv CAR	Int Cr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01 601 6746	
Money Mkt Cheque Acc.	13.60	10.64	14.90	Mth
Barclays Capital Advantage Account				
94 St Paul's Churchyard EC4M 8EH			01-248 9155	
£10,000+	13.50	10.75	14.92	Qtr
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton			0604 252891	

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15¾	847p	Hasbro Inc 50c	12	–½	16c	–	0.8
57½	32¼	Honeywell $1½	58¼	–1¼	$2.75	–	3.4
22⅝	15¼	Houston Inds.	20½	–⅛	$2.96	–	9.1
76¾	58⅛	IBM Corpn $1¼	58¾	–1½	$4.64	–	5.2
60p	45p	Image Storage/R.Svs.1c	48p	...	–	–	–
32⅝	18¼	Ingersoll-Rand $2	30¾	–⅝	$1.20	–	2.5
33¼	22½	Lockheed Crpn. $1	24	–½	$1.80	–	4.7
22⅝	8⅞	Lone Star Inds $1	8⅞	–⅝	$1.90	–	13.5
28	17½	Louisiana Land 15c	24¼	–½	$1.00	–	2.6
20½	11½	Lowe's 50c	16⅛	–¼	52c	–	2.0
28⅝	15¾	Manuf. Hanover $1	19¼	–½	$3.28	–	10.9
22⅝	13¾	Merrill Lynch $1	14¼	–⅝	$1.00	–	4.3
24¾	19⅛	Molex Inc	21⅞	–⅞	3.2c	–	–
30¾	18⅛	Morgan (JP) $2½	23¾	–1¼	$1.82	–	4.8
26¾	23⅛	Morris (Philip)	23⅛	–⅞	$1.13	–	3.1
56⅛	36⅛	NYNEX $1	50	–1½	$4.36	–	5.5
44p	11p	N'wide Legal Serv.	18p	+3	–	–	–
24⅞	18¼	PHH Corp	20½	–¾	$1.16	–	3.6
259p	167p	Pacific Agr	187p	...	–	–	–
29⅝	19	Pacificorp $3¼	27¼	–½	$2.76	–	6.1
31⅝	16⅞	Pacific Telesis 10c	28	–⅞	$1.88	–	4.2
22⅞	15¼	Pall Corp. 25c	20¾	–⅝	48c	–	1.5
55⅝	39⅜	Pennzoil 83 1/3c	50⅝	–¾	$3.00	–	3.7
42¼	28⅛	Quaker Oats $5	33¾	–½	$1.40	–	2.6
32⅜	23½	Rep NY Corpn $5	30⅛	–¼	$1.28	–	2.7
16¼	11¾	Rockwell Intl $1	13¼	–⅝	78c	–	3.7
29½	22	Sears, Roebuck 75c	22⅝	–½	$2.00	–	5.6
40¼	21⅝	Southwestern Bell $1	33⅝	–1⅛	$2.60	–	4.9
27⅞	17⅞	Sun Co. Inc. $1	24⅞	–¾	$1.80	–	4.6
31⅞	22¾	TRW Inc. 62½c	29¾	–¾	$1.72	–	3.7
40¾	26¼	Tenneco $5	36½	–1¼	$3.04	–	5.3
36¾	28	Texaco $6.25	33¾	–1	$3.00	–	5.7
28¾	18¾	Texas Instr. $1	21⅛	–½	80c	–	2.4
117¾	58⅝	Time Inc. $1	78⅞	–¼	$1.00	–	0.8
19⅛	13⅞	TRINOVA Corp	14⅜	–¼	68c	–	2.9
26⅛	16	USX $1	20⅞	–⅛	$1.40	–	4.2
325p	126p	Unilab	318p	...	–	–	–
36⅝	22¼	Utd. Technologies	31⅝	–1	$1.60	–	3.2
168p	121p	Utilitech Inc.	136p	...	–	–	–
50¼	31½	US West	43¼	–1¾	$3.76	–	5.5
22⅝	11¾	Waste Management $1	19⅞	–1	32c	–	1.0
20½	13½	Whirlpool $1	18⅞	–1¼	$1.10	–	3.7
24⅛	16¾	Whitman Corp	16⅝	–⅝	$1.02	–	3.9
46⅝	28⅛	Woolworth $3½	37⅛	–1	$1.68	–	3.2

CANADIANS

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
186p	129p	ABM Gold Corp	161p	–1	–	–	–
45p	4½p	Abbot Energy Corp.	24p	...	–	–	–
10¼	401p	Amer. Barrick Res	10¼	...	–	–	–
39½p	10½p	Armeno	15½p	–1½	–	–	–
33¼p	6⅞p	Augmitto Expln	8p	...	–	–	–
19⅛	12⅞	Bk. Montreal	15¼	–¼	$2.12	–	7.3
10⅛	655p	Bk. Nova Scot.	776p	–17	92c	–	6.4
831p	599p	BC Gas $1	781p	–4	60c	–	4.2
24¼	17	BCE	23¼	–⅛	$2.44	–	5.7
17	12¼	Brascan	13¾	–⅛	88c	–	3.6
228p	108p	Breakwater Res.	132p	+4	10c	–	4.1
18¼	11⅛	Can Imp Bank	15⅞	–⅛	$1.24	–	4.4
15¼	997p	Can. Pacific	13	–¼	92c	–	3.8
41½	37	Do 4pc Deb £100	37	...	4%	–	10.8

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE

1989/90 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
170	126	Airtours 10p	γ	141xd	−5	7.0	3.0	6.6	6.8
315	195	Anglia TV	β	262	−6	†7.75	3.3	3.9	10.2
*168	94	Avesco 1p	β	94	−2	†g1.13	6.3	1.6	12.0
34	9	BCE Hldgs 5p	γ	15	......	0.4	–	3.6	–
395	245	Barr & W.A.T. 'A'	γ	305	+10	†15.0	1.7	6.6	12.3
540	225	Boosey & Hawkes	γ	425	......	†20.0	2.5	3.1	16.8
60	35	Border T.V.	γ	46	......	†2.0	3.4	5.8	6.7
423	317	Brent Walker 10p	β	365	−2	†11.0	3.6	4.0	7.4
117	79	Do 6pc.Cv.Cm.Rd.Pf	γ	101	−2	6.0	–	7.9	–
*103	80	Buckingham Int'l. 10p	γ	88	......	–	–	–	–
344	145	Campari Int. 20p	γ	201	−2	8.5	3.9	5.6	5.2
1135	504	Capital Radio 10p	β	1015	−5	18.0	3.2	2.4	17.3
958	662	Carlton Communctns	α	781	+3	9.37	♦	1.6	♦
125	95	Do. 6.5p Prf	γ	103	......	6.5	–	8.4	–
465	268	Castle Comms. 5p	γ	425	......	8.5	♦	2.7	♦
823	579	Central ITV	β	758	−5	†25.5	2.5	4.5	11.6
248	123	Chrysalis	γ	143	......	‡3.43	0.1	3.2	–
151	50½	Chyvision 5p	β	144	+1	†10.5	10.1	0.5	28.4
38	10	Classic Th'breds I£0.20	γ	13	......	–	–	–	–
392	258	Compass Group 5p	β	303	−1	9.0	2.6	3.2	16.0
1025	865	Euro Disneyland Fr10		955	−18	–	–	–	–
*99	62½	European Leisure	γ	91	−2	†1.5	3.1	2.2	17.8
110	52	Ex Lands 10p	γ	54	−1	0.5	–	1.2	–
*117	80	Expedier Lds. 20p	γ	88	......	–	–	–	27.0
890	437	Fairline Boats 10p	α	823	+3	18.5	4.3	–	10.2
248	149	First Leisure	β	233	−1	†2.93	3.3	1.7	23.6
755	565	GWR Group 20p	γ	580	−5	12.0	♦	2.8	♦
74	45	Grampian TV A 10p	β	71	......	13.0	2.8	5.6	8.1
31	20	Greenwich Comm.	γ	25	−1	–	–	–	–
136	85	HTV Ord	β	134	−1	5.0	3.7	5.0	7.0
137	68	Hi-Tec Sports	γ	74	......	4.5	2.6	8.1	6.3

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

WATER

For other Water issues see London Recent Issues

OIL AND GAS

For NIA Seal Assets see Oil & Gas

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

THIRD MARKET

113	55	UPL Group 10p	γ	55	......	2.75	1.9	6.7	10.4
150	128	Unit Group	γ	129	......	5.0	3.3	5.2	7.3
100	66	Video Magic Leis. 1p	γ	79	......	W2.0	0.7	3.4	63.3
14	4¼	Vista Ents 5p	γ	4¼	......	–	–	–	–
40	15	Vizcaya Hldgs 5p	γ	16	......	–	–	–	–
46½	23	Whitegate Leisure 20p	γ	40½	−½	–	–	–	–
32½	10	Do. Wrrnts	γ	25	......	–	–	–	–
10¼	4½	Wilton Group 1p	γ	4¼	−¼	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha. β Beta. γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990 L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	γ	90	−1
Craig & Rose £1	γ	830	......
Finlay Pkg 5p	γ	57	......
Holt (Jos) 25p	γ	1348	......

IRISH

Cap 8½% Ln. 1991	£96¼	......
9pc Cap Ln. 1996	£96½	......
Fin. 13% 97/02	£115	......

Arnotts		405	......
Carrol (P.J.)	γ	173	......
Hall (R. & H.)		185	......
Helton Hldgs	γ	100	−2
IRG		206xd	−1
United Drug		170	−8

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5½
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	21
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKt. Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property	
Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils	
Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines	
Lonrho	23
RTZ	45

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark suffers a setback

TWO DISCONNECTED events pushed the D-Mark lower against the dollar and sterling yesterday. It also declined within the EMS, keeping pressure off the weaker members.

Currency movements were exaggerated by the thinness of the market however, with Tokyo closed for a public holiday and only limited trading in New York. *Martin Luther King* Day in the US meant many banks were only processing customer orders.

Political events are playing an increasing role in deciding exchange rates, and will have a strong impact on the value of the dollar and D-Mark during 1990, according to Mr Geoffrey Dennis, chief international economist, at James Capel.

This was illustrated yesterday by the improvement of the dollar, on news of growing violence in part of the Soviet Union. Nationalist demands in Lithuania and events in eastern Europe have added to uncertainty surrounding the area once tightly controlled by Moscow.

Mr Dennis said the impact on the West German economy from the changes in eastern Europe is impossible to gauge, but it may be that the benefits have been over-stated.

Threats to world peace invariably lead to demand for the dollar, as a safe haven for funds. This was the trend yesterday. but until markets return to normal volume it is hard to judge whether this was little more than an excuse to take profits in the D-Mark.

Important US economic news this week, including the November trade figures tomorrow and the December consumer price index on Thursday. is also likely to play a large part in deciding whether the dollar is entering a period of sustained recovery.

At the close of trading in London the dollar had advanced to DM1.6960 from DM1.6785; to Y145.50 from Y145.30; to SFr1.5120 from SFr1.4940; and to FFr5.7575 from FFr5.7150. According to the Bank of England the dollar's index rose to 67.1 from 66.8.

Apart from events in the Soviet Union ,the other main item of news to have any impact yesterday was a surprisingly strong figure on UK retail sales in December. The market was expecting a rise of about 0.5 per cent and was unprepared for a gain of 2.2 per cent. Various reasons were suggested, including pre-Christmas sales by retailers suffering from falls in retail sales during October and November. Windfall profits on shares sold after the UK water privatisation may have also played some part in the rise.

The immediate reaction was for London interest rates to move higher. This boosted sterling against the *D-Mark* and many other European currencies. The pound finished ¾ cent lower on the day against a strong dollar at $1.6630 and fell to Y242.00 from Y242.75, but rose to DM2.8200 from DM2.8050; to SFr2.5150 from SFr2.4950; and to FFr9.5750 from SFr9.5475. Sterling's index improved 0.2 to 88.5.

£ IN NEW YORK

Jan.15	Latest	Previous Close
£ Spot	1.6615-1.6625	1.6600-1.6610
1 month	0.98-0.97pm	0.95-0.94pm
3 months	2.67-2.64pm	2.75-2.73pm
12 months	9.10-9.00pm	9.47-9.37pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan 15	Previous
8.30 am	88.4	88.1
9.00 am	88.4	88.1
10.00 am	88.5	88.2
11.00 am	88.5	88.2
Noon	88.6	88.2
1.00 pm	88.6	88.2
2.00 pm	88.6	88.2
3.00 pm	88.5	88.2
4.00 pm	88.5	88.3

CURRENCY RATES

Jan 15	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.25866	1.38219
U.S Dollar	7	1.32188	1.21003
Canadian $	12.46	1.52862	1.40037
Austrian Sch.	6½	15.6458	14.3268
Belgian Franc	10¼	46.6392	42.6748
Danish Krone	10½	8.62725	7.88880
Deutsche Mark	6.00	2.22142	2.03576
Neth.Guilder	7.00	2.50761	2.29555
French Franc	10¼	7.56512	6.92622
Italian Lira	13½	1658.30	1518.11
Japanese Yen	4¼	192.267	175.999
Norway Krone	8	8.59354	7.86218
Spanish Peseta	-	144.775	132.305
Swedish Krona	9½	8.10709	7.40781
Swiss Franc	6.00	1.97885	1.81323
Greek Drach.	20½	207.728	190.278
Irish Punt	-	N/A	0.770917

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Jan.12

CURRENCY MOVEMENTS

Jan.15	Bank of England Index	Morgan** Guaranty Changes %
Sterling	88.5	-23.0
U.S Dollar	66.1	-11.7
Canadian Dollar	104.7	+2.1
Austrian Schilling	109.9	+12.3
Belgian Franc	109.7	-3.4
Danish Krone	108.7	+3.4
Deutsche Mark	118.8	+25.6
Swiss Franc	108.4	+17.0
Guilder	114.7	+16.8
French Franc	103.5	-12.5
Lira	100.1	-18.9
Yen	128.7	+58.4

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1985=100) **Rates are for Jan.12 .

OTHER CURRENCIES

Jan.15	£	$
Argentina	2954.50-3039.55	1775.00-1825.00
Australia	2.0995-2.1015	1.2605-1.2615
Brazil	20.3220-20.4510	12.2090-12.2790
Finland	6.6185-6.6370	3.9820-3.9840
Greece	260.35-264.85	156.00-158.50
Hong Kong	13.0020-13.0150	7.8080-7.8100
Iran	115.40*	69.30*
Korea(Sth)	1126.75-1144.95	680.70-686.00
Kuwait	0.48440-0.48590	0.29100-0.29180
Luxembourg	58.80-58.90	35.35-35.45
Malaysia	4.4865-4.4975	2.6970-2.6990
Mexico	4477.50-4496.85	2690.00-2700.00
N. Zealand	2.7285-2.7345	1.6390-1.6420
Saudi Ar.	6.2420-6.2475	3.7500-3.7510
Singapore	3.1400-3.1485	1.8870-1.8900
S. Af (Cm)	4.2370-4.2505	2.5565-2.5580
S. Af (Fn)	5.5430-5.6360	3.3280-3.3840
Taiwan	43.15-43.25	25.90-25.95
U.A.E.	6.1120-6.1175	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Jan 15	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15-14⅞	15-14⅞	15$\frac{1}{16}$-15$\frac{1}{16}$	15$\frac{3}{16}$-15$\frac{1}{16}$	15¼-15⅛	15$\frac{5}{16}$-15⅛
US Dollar	8$\frac{5}{16}$-8$\frac{3}{16}$	8¼-8⅛	8¼-8⅛	8¼-8⅛	8⅛-8⅛	8$\frac{3}{16}$-8$\frac{1}{16}$
Can. Dollar	12-11¾	12-11¾	12$\frac{1}{16}$-11$\frac{13}{16}$	12$\frac{1}{16}$-11$\frac{13}{16}$	12-11¾	11¾-11½
D. Guilder	8$\frac{11}{16}$-8$\frac{9}{16}$	8¾-8⅝	8¾-8⅝	8⅞-8¾	9-8⅞	9-8⅞
Sw. Franc	9⅞-9⅝	9⅞-9⅝	9$\frac{13}{16}$-9$\frac{11}{16}$	9⅝-9½	9½-9⅜	9¼-9⅛
Deutschmark	7¾-7½	7¾-7½	8-7⅞	8¼-8⅛	8$\frac{5}{16}$-8$\frac{3}{16}$	8⅝-8½
Fr. Franc	10$\frac{11}{16}$-10$\frac{9}{16}$	10$\frac{11}{16}$-10$\frac{9}{16}$	11$\frac{1}{16}$-10$\frac{15}{16}$	11⅜-11¼	11⅝-11½	11¾-11⅝
Italian Lira	13-11	13-12	12¾-12½	12⅞-12¾	12⅞-12½	13¼-13
B. Fr. (Fin)	10½-10⅜	10½-10⅜	10$\frac{9}{16}$-10$\frac{7}{16}$	10$\frac{9}{16}$-10$\frac{7}{16}$	10⅝-10½	10⅝-10½
B. Fr. (Con)	10¼-10⅛	10¼-10⅛	10¼-10⅛	10¼-10⅛	10¼-10⅛	10¼-10⅛
Yen	6½-6⅜	6⅝-6½	6¾-6⅝	7$\frac{1}{16}$-6$\frac{15}{16}$	7⅛-7	7¼-7
D Krone	12¼-12	12$\frac{5}{16}$-12$\frac{3}{16}$	12$\frac{5}{16}$-12$\frac{3}{16}$	12¼-12	12$\frac{1}{16}$-11$\frac{15}{16}$	11$\frac{15}{16}$-11$\frac{11}{16}$
Asian $Sing	8¼-8⅛	8¼-8⅛	8¼-8⅛	8¼-8⅛	8¼-8⅛	8$\frac{5}{16}$-8$\frac{3}{16}$

Long term Eurodollars: two years 8$\frac{5}{16}$-8$\frac{3}{16}$ per cent; three years 8$\frac{7}{16}$-8$\frac{5}{16}$ per cent; four years 8½-8⅜ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Jan.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6600-1.6735	1.6625-1.6635	1.05-1.03cpm	7.50	2.79-2.76pm	6.67
Canada	1.9270-1.9350	1.9310-1.9320	0.61-0.55cpm	3.60	1.48-1.39pm	2.97
Netherlands	3.16¼-3.18	3.16¾-3.17¾	1⅞-1¾cpm	6.86	4⅞-4⅝pm	5.99
Belgium	58.80-59.15	58.80-58.90	29-23cpm	5.30	70-62pm	4.49
Denmark	10.87¾-10.92½	10.88½-10.89½	3¼-2½orepm	3.10	8¼-8pm	2.96
Ireland	1.0615-1.0685	1.0635-1.0645	0.35-0.30ppm	3.67	0.85-0.75pm	3.01
W. Germany	2.80½-2.82¼	2.81¼-2.82¼	1⅞-1¾pfpm	7.71	4⅝-4½pm	6.47
Portugal	246.50-248.55	246.50-247.50	3-29cdis	-0.78	117-249dis	-2.96
Spain	182.30-183.20	182.30-182.60	1-6cdis	-0.23	7-19dis	-0.29
Italy	2093¼-2099	2095¼-2096¼	6-4lirepm	2.86	13-10pm	2.19
Norway	10.82½-10.86½	10.82½-10.83½	3⅝-3¼orepm	3.81	9¼-8¼pm	3.23
France	9.54¾-9.58	9.57-9.58	3⅞-3⅝cpm	4.70	8¾-8¼pm	3.55
Sweden	10.19¾-10.25	10.19¾-10.20¾	2⅞-2½orepm	3.16	4⅞-4pm	1.74
Japan	241½-243½	241½-242½	2-1⅞ypm	9.61	4⅞-4⅝pm	7.85
Austria	19.74-19.85	19.74-19.77	12⅝-11½gropm	7.33	31½-28¾pm	6.06
Switzerland	2.49-2.52	2.51-2.52	1⅛-1⅛cpm	5.96	3⅛-3⅛pm	5.17
ECU	1.3800-1.3840	1.3830-1.3840	0.53-0.50cpm	4.47	1.32-1.27pm	3.74

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 58.80-58.90 Six-month forward dollar 5.44-5.39cpm 12 months 9.73-9.63cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6600-1.6735	1.6625-1.6635	1.05-1.03cpm	7.50	2.79-2.76pm	6.67
Ireland†	1.5610-1.5705	1.5615-1.5625	0.55-0.50cpm	4.03	1.45-1.35pm	3.58
Canada	1.1560-1.1640	1.1620-1.1630	0.42-0.45cdis	-4.51	1.07-1.22dis	-3.96
Netherlands	1.8940-1.9090	1.9070-1.9080	0.08-0.11cdis	-0.60	0.27-0.32dis	-0.62
Belgium	35.20-35.50	35.35-35.45	5.25-7.70cdis	-2.19	17.00-21.00dis	-2.15
Denmark	6.51-6.55¼	6.54½-6.55	2.30-2.50oredis	-4.41	6.10-6.60dis	-3.89
W. Germany	1.6790-1.6985	1.6955-1.6965	0.05-0.03pfpm	0.28	par-0.03dis	-0.04
Portugal	148.25-149.15	149.00-149.10	90-110cdis	-8.08	320-400dis	-9.70
Spain	109.00-109.85	109.70-109.80	65-75cdis	-7.67	185-195dis	-6.94
Italy	1252¼-1260¾	1260¼-1260¾	4.80-5.30liredis	-4.57	13.50-14.50dis	-4.45
Norway	6.49-6.51½	6.51-6.51½	1.90-2.15oredis	-3.74	5.40-5.80dis	-3.44
France	5.71-5.76	5.75½-5.76	1.35-1.45cdis	-2.92	4.35-4.50dis	-3.08
Sweden	6.11½-6.13¾	6.13¼-6.13¾	2.14-2.29oredis	-4.34	7.40-7.75dis	-4.94
Japan	145.05-145.75	145.45-145.55	0.22-0.20ypm	1.73	0.46-0.43pm	1.22
Austria	11.82-11.89½	11.89-11.89½	par-0.70grodis	-0.35	1.30-3.20dis	-0.76
Switzerland	1.4920-1.5130	1.5115-1.5125	0.19-0.22cdis	-1.63	0.48-0.53dis	-1.34
ECU	1.2005-1.2095	1.2025-1.2035	0.31-0.30cpm	3.04	0.90-0.87pm	2.94

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.35-35.45.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.6748	+1.20	+1.20	±1.5508
Danish Krone	7.79845	7.88880	+1.16	+1.16	±1.6453
German D-Mark	2.04446	2.03576	-0.43	-0.43	±1.1762
French Franc	6.85684	6.92622	+1.01	+1.01	±1.3618
Dutch Guilder	2.30358	2.29555	-0.35	-0.35	±1.5272
Irish Punt	0.763159	0.770917	+1.02	+1.02	±1.6689
Italian Lira	1529.70	1518.11	-0.76	-0.76	±1.5162
Spanish Peseta	132.889	132.305	-0.44	-0.44	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan.15	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.663	2.820	242.0	9.575	2.515	3.173	2096	1.932	58.85
$	0.601	1	1.696	145.5	5.758	1.512	1.908	1260	1.162	35.39
DM	0.355	0.590	1	85.82	3.395	0.892	1.125	743.3	0.685	20.87
YEN	4.132	6.872	11.65	1000.	39.57	10.39	13.11	8661	7.983	243.2
F Fr.	1.044	1.737	2.945	252.7	10.	2.627	3.314	2189	2.018	61.46
S Fr.	0.398	0.661	1.121	96.22	3.807	1	1.262	833.4	0.768	23.40
H Fl.	0.315	0.524	0.889	76.27	3.018	0.793	1	660.6	0.609	18.55
Lira	0.477	0.793	1.345	115.5	4.568	1.200	1.514	1000.	0.922	28.08
C $	0.518	0.861	1.460	125.3	4.956	1.302	1.642	1085	1	30.46
B Fr.	1.699	2.826	4.792	411.2	16.27	4.274	5.392	3562	3.283	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE BUND FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING OPTIONS

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

[illegible]

JAPANESE YEN (IMM)

[illegible]

DEUTSCHE MARK (IMM)

[illegible]

U.S. TREASURY BILLS (IMM)

[illegible]

SWISS FRANC (IMM)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

POUND-$ (FOREIGN EXCHANGE)

[illegible]

LONDON (LIFFE)

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 62,233

A=Ask B=Bid C=Call P=Put

Estimated volume 308 (381)
Previous day's open int. 1726 (1777)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Mar	2397.0	2397.0	2377.0	2408.0
Jun	2440.0	2433.0	2424.0	2450.0
Sep				

Estimated volume 5350 (6198)
Previous day's open int. 23873 (23284)

MONEY MARKETS

Rates up nervously

INTEREST RATES took another upward twist in nervous trading on the London money market yesterday. It was feared that figures on December retail sales would show a bounce after several months of depressed high street spending, but the jump of 2.2 per cent still came as a shock.

Three-month sterling interbank rose to 15$\frac{3}{16}$-15$\frac{1}{16}$ from 15$\frac{1}{16}$-15$\frac{1}{16}$ per cent, and longer term money climbed above 15 per cent. One-year funds firmed to 15⅛-15 from 14⅞-14¾ per cent, to give a rise of nearly ¼ point in a week.

Fear of rising wage inflation and a weak performance by the equity market added to the general mood of concern, effectively ending any lingering optimism about an early cut in UK base rates.

The Bank of England initially forecast a day-to-day credit shortage of £450m on the money market, but revised this down to £350m at noon, and up to £550m in the afternoon. Total help of £555m was provided.

Before lunch, and shortly after release of the retail sales news, the authorities bought £160m bank bills outright, in band 2 at 14¾-14$\frac{27}{32}$ per cent. The higher than usual rates of 14$\frac{27}{32}$ per cent at which some bills were offered by the market indicated the nervousness caused by the sales figures.

In the afternoon the Bank of England bought another £202m bills bank bills in band 1 at 14⅞ per cent and £83m bank bills in band 2, all at the usual rate of 14¾ per cent, as calm returned to the market. Late assistance of around £110m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £484m, with Exchequer transactions absorbing £410m and bank balances below target £155. These outweighed a fall in the note circulation adding £600m to liquidity.

In Frankfurt call money was unchanged at 7.65 per cent, as banks remained well supplied with liquidity. Reserve holdings at the Bundesbank averaged DM64.7bn for the first 11 days of the month, against an expected average requirement for the whole month of around DM59bn. Tax payments should cause tighter conditions later this week.

The Bundesbank is expected to offer a securities repurchase agreement tender today, to replace expiring pacts of *DM25.6bn.*

UK clearing bank base lending rate
15 per cent
from October 5

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.15) 3 months US dollars		6 months US Dollars	
bid 8⅛	offer 8¼	bid 8⅛	offer 8¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK *Treasury Bills and Bonds*

(Lunchtime)

Prime rate	10	One month	7.45	Three year	7.97
Broker loan rate	9¼	Two month	7.45	Four year	7.99
Fed. funds	8¼	Three month	7.73	Five year	8.00
Fed. funds at intervention	8¼	Six month	7.82	Seven year	8.07
		One year	7.76	10-year	8.11
		Two year	7.94	30-year	8.17

Jan.15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.60-7.70	8.00-8.15	7.95-8.10	8.05-8.25	8.25-8.45	8.00
Paris	10$\frac{5}{16}$-10$\frac{3}{16}$	10$\frac{15}{16}$-11$\frac{1}{16}$	-	11¼-11⅛	-	9.50
Zurich	8⅞-9⅛	9¾-10	-	9½-9¾	-	-
Amsterdam	8.90-9.00	8.79-8.87	-	8.80-8.90	-	-
Tokyo	6$\frac{13}{16}$-6$\frac{11}{16}$	6$\frac{13}{16}$-6$\frac{11}{16}$	-	6$\frac{13}{16}$-6$\frac{11}{16}$	-	-
Milan	12⅞-12¾	12⅞-13⅛	-	12⅞-13⅛	-	-
Brussels	9.35	10$\frac{3}{16}$-10½	-	10$\frac{3}{16}$-10$\frac{5}{16}$	-	-
Dublin	11¾-11⅞	11$\frac{13}{16}$-11$\frac{15}{16}$	11$\frac{13}{16}$-11$\frac{15}{16}$	11⅞-12	11$\frac{13}{16}$-11$\frac{15}{16}$	-

LONDON MONEY RATES

Jan 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15¼	15⅛	15⅛	15$\frac{3}{16}$	15$\frac{5}{16}$	15⅛
Interbank Bid	14¼	14$\frac{13}{16}$	15$\frac{1}{16}$	15$\frac{1}{16}$	15$\frac{3}{16}$	14⅞
Sterling CDs.	-	-	15$\frac{1}{16}$	15⅛	15⅛	14$\frac{15}{16}$
Local Authority Deps.	15	15	15$\frac{1}{16}$	15⅛	15⅛	14⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14⅞	14⅞	14⅞	14⅝	-	-
Company Deposits	-	-	15⅛	15$\frac{3}{16}$	15$\frac{3}{16}$	15
Finance House Deposits	-	-	15$\frac{1}{16}$	15$\frac{3}{16}$	15$\frac{5}{16}$	15$\frac{1}{16}$
Treasury Bills (Buy)	-	-	14¾	14⅝	-	-
Bank Bills (Buy)	-	-	14$\frac{27}{32}$	14$\frac{13}{16}$	14⅞	-
Fine Trade Bills (Buy)	-	-	15$\frac{1}{32}$	15$\frac{1}{16}$	14¾	-
Dollar CDs	-	-	8.20	8.17	8.17	8.17
SDR Linked Dep. Offer	-	-	9¼	9⅛	9¼	8$\frac{13}{16}$
SDR Linked Dep. Bid	-	-	8$\frac{13}{16}$	8⅞	8$\frac{13}{16}$	8$\frac{11}{16}$
ECU Linked Dep. Offer	-	-	10$\frac{13}{16}$	11¼	11⅜	11⅜
ECU Linked Dep. Bid	-	-	10$\frac{11}{16}$	11⅛	11$\frac{3}{16}$	11$\frac{3}{16}$

Treasury Bills (sell); one-month 14$\frac{11}{16}$ per cent; three months 14$\frac{11}{16}$ per cent; Bank Bills (sell): one-month 14$\frac{23}{32}$ per cent; three months 14$\frac{23}{32}$ per cent; Treasury Bills; Average tender rate of discount 14.5049 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December,29 ,1989 . Agreed rates for period January,24 1990 to February,25 , 1990, Scheme I: 15.90 p.c. Schemes II & III: 16.38 p.c. Reference rate for period Dec.1,1989 to December,29 , 1989, Scheme IV&V: 15.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from January 1 , 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 , Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%
ABN Bank	15
Adam & Company	15
Allied Trust Bank	15
Allied Irish Bank	15
● Henry Ansbacher	15
Associates Cap Corp	14
Authority Bank	15
● B & C Merchant Bank	15
Bank of Baroda	15
Banco Bilbao Vizcaya	15
Bank Hapoalim	15
Bank Credit & Comm	15
Bank of Cyprus	15
Bank of Ireland	15
Bank of India	15
Bank of Scotland	15
Banque Belge Ltd	15
Barclays Bank	15
Benchmark Bank PLC	15
Brit Bk of Mid East	15
● Brown Shipley	15
CL Bank Nederland	15
● Charterhouse Bank	15
Citibank NA	15
City Merchants Bank	15
Clydesdale Bank	15
Comm.Bk.N.East	15
Co-operative Bank	*15
Coutts & Co	15
Cyprus Popular Bk	15
Dunbar Bank PLC	15
Duncan Lawrie	15
Equatorial Bank plc	15
Exeter Trust Ltd	15½
Financial & Gen. Bank	15
First National Bank Plc.	16
● Robert Fleming & Co.	15
Robert Fraser & Ptnrs.	15½
Girobank	15
● Guinness Mahon	15
HFC Bank plc	15
● Hambros Bank	15
Hampshire Trust Plc	15½
Heritable & Gen Inv Bnk.	15
● Hill Samuel	§15
C. Hoare & Co.	15
Hongkong & Shangh	15
● Leopold Joseph & Sons	15
Lloyds Bank	15
Meghraj Bank Ltd	15
McDonnell Douglas Bnk.	15
Midland Bank	15
Mount Banking	15
Nat Bk. of Kuwait	15
NatWestminster	15
Northern Bank Ltd	15
Norwich Gen. Trust	15
Nykredit Mortgage Bank	15½
PRIVATbanken Limited	15
Provincial Bank PLC	16
Roxburghe G'rantee	15½
Royal Bk of Scotland	15
Royal Trust Bank	15
● Smith & Williamson Secs.	15
Standard Chartered	15
TSB	15
● United Bk of Kuwait	15
United Mizrahi Bank	15
Unity Trust Bank Plc	15
Western Trust	15
Westpac Bank Corp.	15
Whiteaway Laidlaw	15
Yorkshire Bank	15

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COMPANY NOTICES

Gaz Métropolitain, inc.
(Incorporated in the Province de Québec)
Canadian $20,000,000
17½% Debentures due October 15, 1990
Canadian $40,000,000
14½% Debentures due December 1, 1992

In accordance with the Trust Indenture in respect of the above two issues, notice is hereby given that none of the above Debentures were purchased under either of the Purchase Funds during the calendar year 1989. Hence, as at December 31, 1989 the aggregate principal amount of the 17½% Debentures due October 15, 1990 outstanding was Canadian $20 million and the aggregate principal amount of the 14½% Debentures due December 1, 1992 outstanding was Canadian $40 million.

WOOD GUNDY INC.
Purchase Agent

CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE LONDON BRANCH
Japanese Yen 10,000,000,000 Floating Rate Depositary Receipts due 1993

In accordance with the terms and conditions of the Receipts, notice is hereby given that for the interest period from 16th January 1990 to 13th July 1990, being the fifth Interest Payment Date (as defined in the terms and conditions), the Receipts will carry an interest rate of 6.25% per annum. Interest payable on 13th July 1990 will amount to Yen 304,795 per Yen 10,000,000 Receipt.

The Taiyo Kobe Bank Limited
Tokyo
Agent Bank

Dated: 16th January 1990

LEGAL NOTICES

No 790 o/s of 1989

In the HIGH COURT of JUSTICE,
Chancery Division, Manchester District Registry, Mr. District Registrar Beskie.
In the matter of JAMES CROSBY GROUP PLC And in the Matter of the Companies Act 1985

NOTICE is hereby given that a Petition was on the 8th day of December 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company by the cancellation of the sum of £2,806,870.68 standing to the credit of the share premium account of the Company.

And NOTICE is further given that the said Petition is directed to be heard before His Honour Judge O'Donoghue sitting as a Judge of the High Court at 184 Deansgate, Manchester M3 3WB on the 26th day of January 1990.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of that hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 15th day of January 1990
Slater Heelis, of 71 Princess Street, Manchester M2 4HL.
Solicitors for the above-named Company.

CLUBS

ASSET BACKED FINANCE

The Financial Times proposes to publish this survey on:

27th MARCH 1990

For a full editorial synopsis and advertisement details, please contact:

EDWARD MACQUISTEN on 01-873 3688

or write to him at:

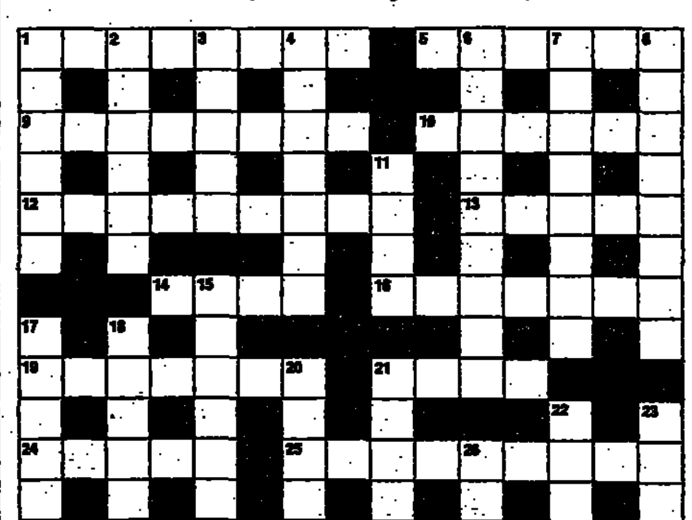
Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

JOTTER PAD

CROSSWORD

No.7,139 Set by VIXEN



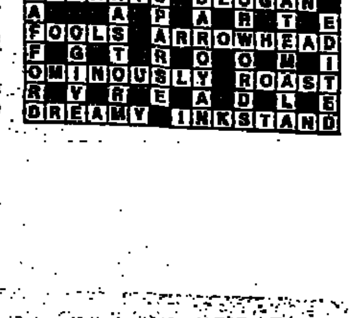
ACROSS

1 Changed course – could well be lashed for it (8)
5 Run by many a worker with little hesitation (6)
9 Hired without direction, which is objected to (8)
10 Dropped everything in a morass (6)
12 Support ministers behind those taking part (9)
13 Test a varied sample (5)
14 Liberal bringing charge about the Right (4)
16 Page written by articulate church leader (7)
19 Object – make it clear! (7)
21 A woman in politics may be thought arrogant (4)
24 A poor actor with nothing going back up the Missouri (5)
25 Called round on only one occasion, though far from modest (9)
27 Half of them gain surprisingly – such a mystery (6)
28 Don't gesticulate so much when calm (8)
29 The holy man had transport but went on foot (6)
30 Control trainers exercise (8)

DOWN

1 Skinhead after a drink in the garden (6)
2 A six-footer popular with the party (6)
3 Sound Chinese individual who'll believe the worst (5)
4 Looks to foreign money, a quite unacceptable thing (7)
6 Flat broke man – patter reveals this (9)
7 It's about a Latin guy's charm (8)
8 Carried out, being plastered (8)
11 A Greek character quietly cut (4)
15 Saved about the hundred pounds intended (9)
17 Such dogs can be frisky some days (8)
18 A little plug, one in neat casing, that's better balanced (8)
20 Some people wouldn't let chain-smokers eat out (4)
21 Set time allowed for dressing (7)
22 Two articles to be followed by another backing divine female (6)
23 Exceptional boy likely to achieve success (4-2)
26 Choice made by the Spanish etc maybe (5)

Solution to Puzzle No.7,138



WORLD STOCK MARKETS

AUSTRIA [illegible]

BELGIUM/LUXEMBOURG [illegible]

DENMARK [illegible]

FINLAND [illegible]

FRANCE [illegible]

FRANCE (continued) [illegible]

GERMANY [illegible]

GERMANY (continued) [illegible]

ITALY [illegible]

ITALY (continued) [illegible]

NETHERLANDS [illegible]

NORWAY [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

SOUTH AFRICA [illegible]

JAPAN [illegible]

AUSTRALIA [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG [illegible]

MALAYSIA [illegible]

SINGAPORE [illegible]

CANADA

TORONTO

2pm prices January 15

Quotations in cents unless marked $.

[illegible]

f – No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Jan 12	Jan 11	Jan 10	Jan 9	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2689.21	2760.67	2750.64	2766.00	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	92.74	92.84	92.83	92.81	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1140.65	1165.72	1164.30	1176.21	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.70	225.67	224.66	223.78	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2735.92 (2783.28) Low 2675.98 (2748.29)

STANDARD AND POOR'S

	Jan 12	Jan 11	Jan 10	Jan 9	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	339.93	348.53	347.31	349.62	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	390.72	400.57	399.15	401.54	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	30.04	30.75	30.62	30.93	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	188.32	192.78	192.12	193.35	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	372.23	379.35	378.29	380.44	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	439.72	448.86	450.70	456.77	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan 5	Dec 29	Dec 15	year ago (approx.)
Dow Industrial Div. Yield	3.84	3.87	3.89	3.66

	Jan 10	Jan 3	Dec 27	year ago (approx.)
S & P Industrial div. yield	2.94	2.86	2.95	3.21
S & P Indl. P/E ratio	14.80	15.19	14.74	13.23

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Philip Morris	4,363,600	38¾	– 1¼
Citicorp	2,581,700	26⅞	– ⅛
Phil Elect.	2,095,400	21⅛	
Sears Roebuck	2,094,000	38	– ½
Gen Elect.	1,949,500	63	– 1¾
Fannie Mae	1,870,000	36⅛	– ¾
A T & T	1,851,700	43¼	– 1⅛
Waste Mngmt.	1,501,900	33⅛	– 1½
Am Express	1,466,500	33	– ¾
Paramount	1,464,600	46	– 2

TRADING ACTIVITY

† Volume Millions	Jan 12	Jan 11	Jan 10
New York	183,880	154,390	175,990
Amex	17,278	10,908	13,230
NASDAQ	143,504	132,996	143,886
Issues Traded	1,989	1,964	1,967
Rises	203	877	484
Falls	1,486	570	1,036
Unchanged	300	517	447
New Highs	20	51	40
New Lows	60	28	35

CANADA

TORONTO	Jan 12	Jan 11	Jan 10	Jan 9	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3261.01	3340.48	3325.17	3344.40	3919.2 (1/9/89)	3207.5 (3/1/89)
Composite	3881.84	3941.70	3941.56	3952.35	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1961.92	1994.01	1998.41	2012.26	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 16	Jan 12	Jan 11	Jan 10	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1681.7	1713.7	1695.5	1689.7	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	852.6	869.2	853.9	848.1	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	563.92	581.75	577.10	572.73	581.75 (12/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6529.3	6599.43	6577.00	6548.90	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	368.06	369.28	369.26	367.31	369.28 (12/1/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	631.1	626.1	626.0	617.7	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	536.2	546.7	542.4	542.8	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1962.89	1968.65	1992.89	1970.38	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	769.50	776.71	768.50	767.44	776.71 (12/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2269.0	2286.2	2268.5	2265.6	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1841.61	1855.66	1855.83	1839.63	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2786.69	2835.94	2855.52	2868.00	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1849.86	1859.05	1866.93	1857.64	1866.93 (11/1/90)	1360.64 (30/1/89)
ITALY						
Banca Com. Ital (1972)	702.03	706.92	707.41	705.63	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	(c)	37536.77	38170.13	37696.51	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	(c)	2786.47	2814.13	2793.80	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	(c)	4078.60	4052.59	4009.22	4078.60 (12/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite	569.46	587.93	592.90	587.83	592.90 (11/1/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	255.0	256.0	261.8	261.5	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	195.6	196.4	200.9	200.6	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	736.01	734.85	751.87	737.04	751.87 (11/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1076.51	1099.50	1107.78	1120.23	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore	421.56	430.88	433.24	432.80	433.24 (11/1/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	2224.0 ♦	2206.0	2214.0	2158.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	3023.0 ♦	3006.0	3000.0	2982.0	3023.0 (15/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	883.04	903.11	903.27	911.47	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	290.96	295.27	296.16	297.22	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	4486.3	4558.1	(u)	4561.9	4660.3 (16/8/89)	3335.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	776.0	783.6	787.2	781.7	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	10867.64	10588.56	10134.97	9868.82	10867.64 (15/1/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	894.28	897.31	888.72	912.18	919.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl (1/1/70)	(u)	554.3	561.6	560.1	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Jan. 13: Taiwan Weighted Price: 10559.20 Korea Comp Ex. 893.47

♦ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

3pm prices January 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	24¼	AAR	.48	1.4	20	44	33½	33⅛	33½	−⅛
9⅝	8½	ACM n	1.01	11.		319	9½	9¼	9½	+¼
11⅝	10½	ACMIn	1.26	11		244	11⅝	11¼	11¼	−⅛
9⅞	8	ACMM n	1.01	11.		302	9	8⅞	8⅞	−¼
11½	10	ACM Sc	1.26	11.		864	11½	11¼	11¼	
9⅞	8½	ACMSp	1.01	11		454	9⅛	9⅛	9¼	
19⅝	11½	AL Lab	.16	.9	19	36	18⅝	18½	18⅝	+⅛
4⅛	3⅛	AMCA	.12e	3.4	9	1	3½	3½	3½	−⅛
6⅛	3⅞	AM Intl			9	114	4	3⅞	3⅞	
23½	16⅝	AM In pf	2	11		42	18⅞	18¾	18¾	−⅛
107¼	52⅝	AMR			6	5072	55⅝	54½	55	+⅛
27	25	ANR pf	2.67	10.		1	26	26	26	−¼
24½	23⅛	ANR pf	2.12	8.8		6	24	24	24	−⅛
6	3⅛	ARX				31	3¼	3¼	3¼	+⅛
63	36¼	ASA	3a	4.8		2172	63	61¾	62½	−1¼
35⅛	16¼	AVX	.24	.7	22	2199	33⅝	32½	32⅝	−1¼
70⅝	46¼	AbtLab	1.40	2.1	18	2530	66⅝	65½	65½	−1¼
18¼	11¼	AbitiPr g	.50			15	11½	11⅜	11⅜	
13	9¾	AcmeC	.40	3.8	14	173	10⅞	10⅝	10⅝	−¼
38½	22	Acuson			20	230	30¼	30	30	−¼
16½	12⅞	AdaEx	2.06e	13		34	15¾	15⅝	15¾	
15⅝	6¼	Adobe				222	12⅝	12⅜	12½	−⅛
20¼	18½	Adob pf	1.84	9.4		129	19½	19¼	19½	+⅛
27⅛	19⅞	Adob pf	2.40	11		5	21¼	21¼	21¼	+⅛
10½	7⅛	AMD				1718	7⅝	7¼	7⅜	−⅛
35	28½	AMD pf	3	10.		7	29⅝	29½	29½	−¼
10¼	6⅝	Advest	.16	2.3	10	130	7⅛	7	7	
62½	47⅝	AetnLf	2.76	5.0	9	1129	55	54⅝	54⅞	−⅛
14	11	AfilPb	.24	2.2		710	11⅛	d10⅞	11	−⅛
25	16⅛	Ahmans	.88	5.1	9	3495	17⅝	17⅜	17⅜	−¼
3⅞	2⅛	Aileen				47	2½	2⅜	2⅜	+⅛
50¼	40	AirPrd	1.32	2.8	12	1179	48⅝	47¾	47⅞	−¾

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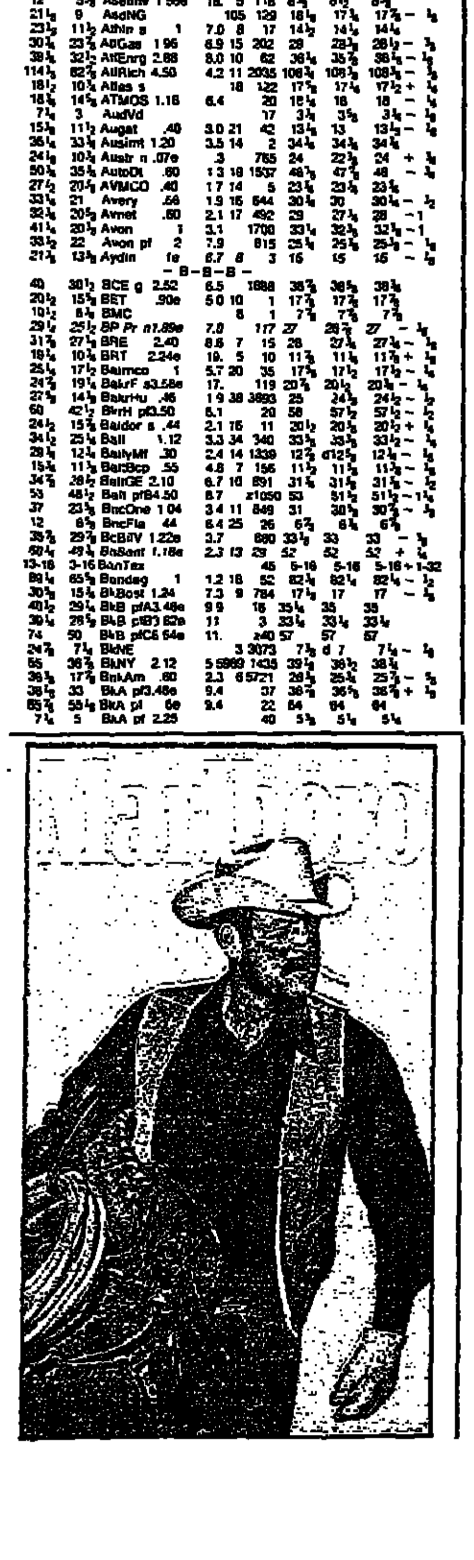

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from previous Page

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 15

[illegible]

NASDAQ NATIONAL MARKET

3pm prices January 15

[illegible]

FINANCIAL TIMES Tuesday January 16 1990

AMERICA

Campeau adds to Dow's problems

Wall Street

AMID continuing nervousness after Friday's plunge of more than 70 points in the Dow Jones Industrial Average, the equity market remained on the defensive with confidence further undermined as Campeau's two US retail subsidiaries filed for bankruptcy, *writes Janet Bush in New York.*

The Dow Jones index started falling at the opening bell and, at one point, was quoted nearly 20 points lower. By 2pm, the Dow had recouped some of those losses to stand 11.74 points lower at 2,677.47 on only moderate volume of 98m shares. The Dow had closed 71.46 points lower on Friday at 2,689.21.

Among other key market indices, the Standard & Poor's 500 index was quoted 2.15 points lower at midsession at 337.78.

There was only partial trading in the foreign exchange market and virtually no business in the Treasury bond market due to observance by Government and most New York banks of Martin Luther King's birthday. This partial closure may have been one factor limiting losses in the equity market.

Early weakness was widely expected after Friday's substantial fall in which stocks ended near their day's lows after steady price erosion throughout the session, not unduly exaggerated by programme trading. It was a genuinely bad performance and the mood remained defensive.

The news that Federated Department Stores and Allied Stores had filed for protection from creditors under Chapter 11 of US bankruptcy law was widely expected but nevertheless added another layer of general gloom to the market. Although there was no Treasury bond trading, the junk or high yield market was quoted ¼ point to ½ point lower in reaction and department store issues were as much as three points lower.

During the morning session, the Dow appeared to hit support levels at around 2,675. According to technical analysts, there is quite strong support at around 2,660, around the level to which the Dow fell on an intra-day basis in December.

However, other potential support levels have been easily pierced in the sharp downward correction from the market's new year record high and, given mounting concerns about a period of stagflation for the economy, there is not much confidence that technical support will be enough to stop the market falling.

A bright spot in the market was the precious metals sector which did well in tandem with gold prices although, even here, an early rally lost steam. At midsession, Placer Dome was quoted $⅜ higher at $20⅞.

Among featured issues, Rorer, the pharmaceutical manufacturer, surged $13¼ to $63¼ following its announcement that negotiations were at an advanced stage for the sale of 68 per cent of the company to a strategic buyer. It did not disclose the purchaser but it is believed to be one of the three major Swiss drugs companies.

Georgia Gulf added $¾ to $42⅞ in advance of a board meeting scheduled for yesterday in which the board was due to discuss a recapitalisation proposal.

Ralston-Purina jumped $1⅝ to $83⅞. The company set $84¼ a share as the price it will pay to shareholders in a Dutch auction repurchase offer for 2.5m common shares.

Symbol Technologies slumped $4⅞ to $10⅝ on disappointment after the company's announcement that it expects fourth quarter net income of five cents a share compared with one cent a share in the year ago quarter.

Ecolab dropped $1¾ to $27 after the company reached a standstill agreement with Carlyle Group and the buy-back of 1.8m shares from Carlyle for $30.75 a share.

Among blue chip stocks, International Business Machines added $¼ to $98, Philip Morris slipped $¼ to $38⅛, AT & T fell $⅝ to $42¾ and Ford dipped $⅝ to $43⅛.

Canada

THE MARKET held steady in Toronto in light trade at midday as investors held back, unwilling to bet on the direction shares would take.

The composite index fell 0.5 to 3,881.4 on volume of 12.2m shares. Declines led advances 292 to 182.

Golds pared earlier gains but bullish banking shares kept the market afloat.

SOUTH AFRICA

A STRONG rally in active afternoon trading lifted the Johannesburg overall index to a new peak of 3,239, up 15 on Friday's close. The bullion price rose slightly to $416.

EUROPE

Continent musters more resilience

ACCEPTING that there was an early response to the Wall Street slide on the Continent last Friday afternoon, yesterday's European performance still showed more resilience than it mustered at the time of the mini-crash last October, *writes Our Markets Staff.*

FRANKFURT, down after hours last Friday, was weak in the pre-bourse, and in the first hour of a session extended to three hours (10.30 am to 13.30 pm local time). The DAX index made an early, intra-day low of 1,818.71, down 2 per cent from Friday's close.

However, things picked up. The FAZ fell by 7.21 to 769.50 at midsession, and the DAX finished 14.05, or 0.8 per cent lower at 1,841.61. Volume fell from DM11.6bn to DM9.4bn.

Blue chips showed the way: Deutsche Bank, at DM841, fell DM8.80 on the day but finished DM10 higher than its opening level; Daimler closed unchanged at DM874 after an opening fall of DM19.

On October 16 1989 the DAX slumped 13 per cent following the Wall Street mini-crash. Then, there were a lot of speculators who got out, fast; now, there is strong international investment interest and the Japanese, who could have taken prices down faster yesterday, were on holiday.

PARIS picked up from early losses to end only slightly weaker, having suffered most of its reaction to Wall Street's Friday plunge on the day. The CAC 40 index closed 5.76 lower at 1,962.89, and trading volume was estimated at a low FFr2bn, after FFr3bn on Friday.

Among the few excitements was Club Med, which improved on Friday's FFr24 gain with a rise of FFr27 to FFr767. This performance, in active trading, was open to various interpretations: some believed it to be linked to the possibility of a European Commission attack on the Air France takeover of the airline UTA, which might produce benefits for charter travel groups. Others suggested that a major shareholder was consolidating its position, or that Club Med was going to sell some property.

Auxiliaire d'Entreprises, the construction group, gained FFr31 to FFr1,081 on the decision by CGIP, a holding company, to sell a six-month option on its 15 per cent stake to Pelège, a property development company, at FFr1,250.

Peugeot eased FFr4 to FFr767 after it estimated the rise in its 1989 sales at only 9.7 per cent.

AMSTERDAM ended barely changed after late bargain-hunting lifted prices off their lows. The CBS tendency index was just 0.1 weaker at 115.6 in quiet trading worth Fl 616m.

BRUSSELS saw the cash market fall 1 per cent, by 70.13 to 6,529.30, following Wall Street. Trading was subdued.

MILAN closed its monthly account with the Comit index 4.89 lower at 702.03. Buying from foreign investors helped to contain losses; and banks put in some of the best performances of the day with the Milan merchant bank, Medio banca, rising against the trend to close L135 higher at L19,645.

De Benedetti group shares fell again after another victory for Mr Silvio Berlusconi in the Mondadori legal battle. Cir fell L112 to L4,770.

MADRID saw its losses accelerate as the general index dropped 4.31 to 290.96. The fall, which took place in reasonable volume, was blamed on the setback in world markets on Friday and was described by one analyst as "excessive".

Foreigners have been put off by talk of a peseta devaluation within the European Monetary System, while domestic investors currently prefer bonds and high income bank deposits, he said. The market appeared to take little comfort from a December inflation figure of 0.4 per cent, which was in line with expectations.

ZURICH drew some support from interest rate hopes and a firm Swiss franc, closing with the Crédit Suisse index 5.6 lower at 622.1 in moderate volume. It had opened a little lower than that, but selective buying came in during the session.

Swissair gained SFr10 to SFr1,230. It said yesterday that passenger traffic rose 12 per cent in November 1989, with cargo volume up 14 per cent.

OSLO closed fractionally higher as lower interest rates offset the influence of falls on major foreign markets. The all-share index closed at 561.99, a rise of 0.82.

STOCKHOLM ended sharply lower in slow trade, reflecting Friday's fall on Wall Street. The Affärsvärlden General index closed at 1,295.3, down 22.6.

COPENHAGEN edged down in very quiet trading from Friday's record levels.

HELSINKI closed unchanged in trading which began quietly but became more lively after apparent progress in talks on an incomes policy settlement in the labour market. The Unitas all-share index ended at 626.1.

ASIA PACIFIC

Taiwan shines out of the gloom

FRIDAY'S Wall Street slump, the worst since the mini-crash last October 13, produced an almost unanimous response in the Pacific Basin. Markets fell by an average of 2 per cent yesterday, excluding an astonishingly ebullient Taiwan, *writes Our Markets Staff.* Japanese markets were closed for the Adults' Day holiday.

TAIWAN put on 7.4 per cent in the week to last Friday, lost a mere fraction on Saturday in response to Tokyo's biggest fall for more than a year, and returned to the upgrade yesterday as the weighted index rose 308.44, or another 2.9 per cent, to a record 10,867.64.

Volume rose from NT$131bn to NT$149bn. Asia Securities' Taiwan Weekly says that the market has shrugged off financial problems at Hung Yuan (Homey), the island's largest unlicensed investment house; in another indication of sentiment, the four Taiwan closed end mutual funds (investment trusts) surged to 17-28 per cent premiums over asset value last week after trading at discounts for most of 1989.

AUSTRALIA had the benefit of the gold price, and the gold shares index only fell 1.1 per cent as the All Ordinaries closed 31.5, or 1.8 per cent, lower at 1,682.1. Volume fell from A$220m to A$145m.

There were some brave souls. Highland Gold, which closed last Friday at A$1.04 for a 39 per cent premium over the issue price in its first week of trading, held its gains as it closed unchanged yesterday on volume of 6.8m shares.

HONG KONG, too, fell in low volume, the Hang Seng index shedding 49.25, or 1.7 per cent to 2,786.69, in turnover down from HK$578m to HK$541m. In the hard-hit properties sector, Cheung Kong lost 25 cents to HK$9.55 and Hongkong Land dipped 20 cents to HK$7.85.

SINGAPORE, unlike Hong Kong, had seen strong gains in recent weeks. Blue chips bore the brunt of profit-taking yesterday and the Straits Times industrial index fell 33.63, or 2.2 per cent, to 1,525.54.

Malaysian stocks traded on the over-the-counter market, CLOB International, were less affected. This will be a bitter pill for KUALA LUMPUR which, striving to effect stock market independence from Singapore, took a tumble of 18.47, or 3.1 per cent, to 569.46 on the performance of its own, Malaysian blue chips and banking stocks.

MANILA'S composite index closed 22.99, or 2.1 per cent, lower at 1,099.50; there was talk in the market that professionals were selling so that they could buy into two real estate issues which are about to be listed, Philippine Orion Properties, and Kuok Properties Philippines.

However, as Philippine Orion launched its offer of 1bn shares at one peso each yesterday, analysts noted that property stocks have been falling in the aftermath of the sixth and bloodiest coup attempt against President Corazon Aquino last month. They see this as reflecting fears that real estate values are bound to go down drastically in the event of another coup attempt.

Elsewhere, NEW ZEALAND'S Barclays index fell 28.69, or 1.4 per cent, to 1,987.51 on very thin volume; and SEOUL took a 10.43 drop in the composite index to 883.04, down 2.3 per cent including Saturday's response to Wall St.

IFC EMERGING MARKETS INDICES

Market	No. of stocks	PRICE: November 1989	% Change on Oct (Dollar terms)	% Change on Dec 31 '88 (Dollar terms)	November 1989	% Change on Oct (Local currency terms)	% Change on Dec 31 '88 (Local currency terms)	TOTAL RETURN: November 1989	% Change on Oct (Dollar terms)	% Change on Dec 31 '88 (Dollar terms)
Latin America										
Argentina	(24)	434.7	-13.90	144.70	1,578,086	-8.30	9,733.00	641.3	2.50	225.30
Brazil	(56)	104.8	-23.80	13.50	229,706.7	5.30	1,012.70	153.7	-23.70	21.40
Chile	(26)	577.3	1.40	26.30	1,230.6	3.50	39.70	966.6	2.70	39.10
Colombia	(21)	220.0	0.50	0.10	831.9	2.60	28.30	386.8	1.00	7.60
Mexico	(52)	541.0	-3.80	55.80	7,398.0	-2.80	77.50	720.3	-3.80	60.70
Venezuela	(13)	75.3	-12.10	-35.00	431.5	-4.90	-24.90	90.2	-11.90	-33.00
East Asia										
South Korea	(61)	485.4	1.10	0.70	395.6	1.50	-0.90	824.5	1.10	4.60
Philippines	(18)	-	-	-	-	-	-	-	-	-
Taiwan, China	(62)	1,198.6	-11.00	80.10	787.5	-10.10	65.70	1,327.1	-10.90	83.00
South Asia										
India	(60)	-	-	-	-	-	-	-	-	-
Malaysia	(62)	138.3	4.90	27.00	164.0	5.10	26.60	165.4	5.00	30.70
Pakistan	(50)	118.0	-1.00	-3.30	162.8	-0.30	10.80	178.6	-0.60	2.60
Thailand	(29)	373.9	12.50	71.30	353.8	12.40	74.70	804.9	12.70	123.10
Europe/Middle East/Africa										
Greece	(26)	278.0	-4.40	65.50	353.6	-5.10	83.10	451.0	-4.20	78.70
Jordan	(25)	93.7	0.40	-2.50	155.9	2.30	28.70	115.6	0.40	0.50
Nigeria	(15)	32.2	3.60	3.90	298.2	5.40	46.60	48.2	3.60	14.20
Portugal†	(23)	653.6	0.90	30.80	656.5	-0.20	39.10	1,159.1	0.90	39.80
Turkey‡	(18)	183.4	-11.70	204.10	553.6	-11.10	285.50	1,304.2	-11.70	354.00
Zimbabwe	(11)	586.0	5.80	20.20	887.0	7.10	40.80	972.8	5.80	32.90

Source: International Finance Corporation. Base date; Dec 31,1984. †Jan 1986=100. ‡Dec 1986=100.

Retreat in face of economic fears

By Alison Maitland

THE three spectres of inflation, stagflation and rising interest rates haunted the world's leading stock markets last week and led to a 2.2 per cent fall in the FT-Actuaries World Index.

Gold continued to be a refuge for nervous investors, however, pushing the South African stock market up by 4.6 per cent, while gold-diggers of another sort kept Germany and Austria buoyant on hopes of the profits to be made from reforms in Eastern Europe.

The American, British and Japanese markets had an unhealthy week, falling by 3.5 per cent, 2.5 per cent and 2.2 per cent respectively. Their discomfort, although mutually contagious, stemmed from slightly different ailments.

While the Nikkei average triggered a global setback on Friday when it plunged by 653 points, or 1.7 per cent, Japanese investors had been uneasy all week about the weakness of the yen, a falling bond market, and another potential political scandal.

Taken with the troubles facing Soviet President Mikhail Gorbachev, and the heady rise in Tokyo stocks at the end of last year, it was not surprising that many investors stayed away and volume was thin.

The main concern in the US, where an unstable week culminated in a drop of 71 points, or 2.6 per cent, on the Dow Jones Industrial Average, was the prospect of stagflation – underlined by a jump in producer price inflation combined with a decline in retail sales.

Britain, meanwhile, focused on the wage demands of Ford workers and the prospect they raised of inflationary pay settlements across the country.

The medals went to Austria for a second week, giving it a remarkable rise of 19.7 per cent so far this year and putting it way ahead of other markets. South Africa came next, with a gilded advance of 9 per cent over the past two weeks.

West Germany remained strong, up 2.6 per cent last week, but there was substantial profit-taking and caution over the nascent wage negotiations with the metalworkers.

MARKETS IN PERSPECTIVE

	% change in local currency †: 1 Week	4 Weeks	1 Year	Start of 1990	% change sterling †: Start of 1990	% change in US $ †: Start of 1990
Austria	+6.11	+27.68	+114.05	+19.68	+16.48	+20.66
Belgium	+0.46	+3.26	+8.64	+2.15	-0.13	+3.46
Denmark	+1.93	+2.62	33.77	+2.09	-0.24	+3.35
Finland	+1.92	+4.34	+4.23	+3.38	+1.76	+5.42
France	-1.39	+0.99	+21.86	-1.48	-3.74	-0.27
W. Germany	+2.63	+12.93	+36.35	+4.53	+1.68	+5.33
Ireland	+0.09	+7.17	+41.16	+5.95	+3.59	+7.32
Italy	+0.61	+3.73	+13.19	+2.41	+0.13	+3.74
Netherlands	-2.55	-1.51	+13.41	-3.33	-5.78	-2.93
Norway	-0.16	+8.86	+36.81	+6.14	+4.27	+8.02
Spain	-2.01	-3.54	+3.08	-1.78	-5.19	-1.78
Sweden	+1.78	+10.09	+37.01	+5.95	+3.65	+7.37
Switzerland	+0.21	+5.26	+20.64	+2.07	+1.71	+5.37
UK	-2.51	+1.24	+25.06	-1.34	-1.34	+2.21
EUROPE	-0.83	+3.49	+23.83	+0.37	-1.05	+2.51
Australia	+0.03	+5.60	+15.43	+4.08	+0.95	+4.58
Hong Kong	-0.68	-3.34	-1.02	-0.32	-3.83	-0.37
Japan	-2.22	-4.23	+9.16	-3.85	-8.15	-4.48
Malaysia	+0.79	+6.99	+55.40	+3.26	-0.30	+3.28
New Zealand	-1.76	+1.53	+3.72	+1.04	+0.27	+3.87
Singapore	+0.73	+7.01	+37.28	+6.08	+2.80	+6.50
Canada	-2.69	-1.48	+10.97	-1.98	-5.22	-1.82
USA	-3.47	-1.13	+19.13	-3.81	-7.15	-3.81
Mexico	+0.29	+7.29	+143.02	+1.63	-2.70	+0.60
South Africa	+4.61	+3.94	+60.58	+9.02	+11.20	+15.20
WORLD INDEX	-2.20	-1.29	+15.52	-2.60	-5.87	-2.48

† Based on January 12, 1990.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	FRIDAY JANUARY 12 1990: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	THURSDAY JANUARY 11 1990: US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX: 1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	158.31	+1.1	140.50	132.62	+0.9	5.14	156.51	140.04	131.37	160.41	128.28	150.07
Austria (19)	219.85	+1.4	195.12	191.40	+0.9	1.27	216.80	193.98	189.71	219.85	92.84	93.71
Belgium (61)	160.02	+0.7	142.02	138.71	+0.3	4.03	158.90	142.18	138.33	160.02	125.58	134.30
Canada (120)	149.41	−1.5	132.61	125.13	−1.5	3.20	151.75	135.77	127.08	154.17	124.67	129.88
Denmark (36)	250.34	+0.7	222.18	221.31	+0.4	1.43	248.50	222.34	220.53	250.34	165.35	157.20
Finland (26)	140.53	+0.9	124.72	116.91	+0.3	2.66	139.27	124.61	116.51	159.16	118.63	126.03
France (125)	155.61	−1.0	138.10	139.50	−1.2	2.70	157.10	140.56	141.21	157.97	112.57	116.87
West Germany (96)	130.32	+1.2	115.66	113.73	+1.0	1.85	128.75	115.20	112.65	130.32	79.56	87.57
Hong Kong (48)	116.70	−0.7	103.57	116.99	−0.8	4.87	117.57	105.20	117.88	140.33	86.41	117.94
Ireland (17)	194.82	−0.4	172.91	174.46	−0.7	2.49	195.57	174.98	175.69	196.69	125.00	128.10
Italy (96)	102.11	+0.0	90.62	95.48	−0.2	2.39	102.08	91.33	95.67	102.11	74.97	83.97
Japan (455)	187.84	−1.0	166.71	172.53	−1.1	0.47	189.83	169.85	174.47	200.11	164.22	197.43
Malaysia (36)	236.56	−0.7	209.95	245.81	−0.7	2.18	238.21	213.14	247.66	238.21	143.35	150.86
Mexico (13)	328.08	−1.8	291.17	972.81	−1.8	0.53	333.97	298.82	990.28	337.02	153.32	160.09
Netherland (43)	140.45	−1.8	124.65	121.32	−2.1	4.40	143.09	128.03	123.96	145.66	110.63	113.34
New Zealand (18)	74.88	+0.0	66.46	65.11	−0.2	5.41	74.88	66.98	65.25	88.18	62.64	71.31
Norway (24)	215.88	−1.5	191.60	189.88	−1.9	1.44	219.26	196.18	193.59	219.26	139.92	153.59
Singapore (26)	188.72	−0.6	167.49	164.59	−0.7	1.77	189.94	169.95	165.83	189.94	124.57	134.03
South Africa (60)	226.40	+5.2	200.94	165.78	−0.1	3.42	215.29	192.63	165.99	226.40	115.35	120.20
Spain (43)	160.18	−0.9	142.16	132.76	−1.2	3.98	161.61	144.60	134.43	169.75	143.14	146.16
Sweden (35)	206.21	−0.2	183.02	186.52	−0.7	1.84	206.70	184.94	187.81	206.95	138.45	146.97
Switzerland (62)	99.12	+0.8	87.97	91.81	−0.9	1.95	98.35	88.00	92.65	99.12	67.81	78.61
United Kingdom (306)	162.20	−0.7	143.96	143.96	−1.5	4.39	163.37	146.17	146.17	164.31	133.28	138.20
USA (542)	137.60	−2.4	122.12	137.60	−2.4	3.40	141.01	126.17	141.01	146.29	112.13	115.50
Europe (989)	145.96	−0.3	129.54	128.82	−0.8	3.31	146.36	130.96	129.92	146.66	112.63	115.76
Nordic (121)	198.12	+0.1	175.83	169.89	−0.4	1.88	198.00	177.16	170.51	198.12	137.95	141.76
Pacific Basin (667)	184.13	−1.0	163.41	168.89	−1.0	0.72	185.92	166.35	170.65	194.72	160.44	192.26
Euro−Pacific (1656)	169.07	−0.7	150.05	152.94	−1.0	1.63	170.30	152.38	154.43	174.18	141.56	161.61
North America (662)	138.20	−2.4	122.65	136.82	−2.4	3.39	141.55	126.65	140.13	146.66	112.79	116.27
Europe Ex. UK (683)	134.66	+0.0	119.51	119.42	−0.4	2.60	134.63	120.46	119.90	134.66	96.30	101.57
Pacific Ex. Japan (212)	139.32	+0.3	123.65	123.26	+0.2	4.69	138.84	124.23	123.00	140.05	111.93	130.38
World Ex. US (1849)	169.03	−0.7	150.02	152.36	−1.0	1.70	170.19	152.27	153.86	173.77	141.49	160.10
World Ex. UK (2085)	156.26	−1.3	138.68	147.72	−1.4	2.00	158.27	141.61	149.84	162.00	136.98	143.47
World Ex. So. Af. (2331)	156.34	−1.3	138.76	147.20	−1.4	2.21	158.36	141.69	149.35	161.84	136.67	143.13
World Ex. Japan (1936)	142.30	−1.3	126.29	134.43	−1.6	3.41	144.23	129.05	136.67	145.52	114.51	116.76
The World Index (2391)	156.77	−1.2	139.13	147.33	−1.4	2.22	158.70	142.00	149.46	162.05	136.68	142.98

Latest prices were unavailable for this edition.